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Protracted Talks

U.S. needs to show sincerity in trade consultations with China

By Lan Xinzhen

Although China and the United States have resumed trade negotiations, the chance of them reaching a deal in the near future appears slim. Going forward, several points must be highlighted.

First, the Donald Trump administration needs to show sincerity in the trade talks. The two sides started negotiations in February 2018, with a lot achieved as they reached consensus in many areas. However, the Chinese side was often frustrated during the consultations as the U.S. frequently went against consensus and

backed on its word. Every time a consensus was reached, the U.S. would renege on the deal, thinking that it should have taken more advantage of the Chinese side.

For example, when the two sides issued a joint declaration on May 19, 2018, reaching a consensus that they would refrain from a trade war, the U.S. threw it overboard 10 days later and announced it would carry on with new tariffs.

In fact, shortly after the resumption of this round of trade talks, the U.S. threatened to impose additional tariffs on more

imports from China in early August. If the U.S. doesn't start showing sincerity, there will be no major breakthrough.

Second, there must be mutual respect and benefit. Differences in the process of trade cooperation are normal for the world's two biggest economies. To defuse disputes through talks is the right thing to do in modern society. China has always stuck to the principle of mutual respect and benefit, working hard to produce an agreement acceptable to both sides.

However, the U.S. did not show enough



A life jacket shows a tag opposing additional tariffs on imports from China in Washington, D.C. on June 17

respect for China's social and economic systems and its major concerns, and attempted to force unequal terms on China. Its unwarranted designation of China as a "currency manipulator" is another move in the wrong direction.

The U.S. must know that on issues concerning major principles and national dignity, China will never cede ground. The U.S. must accept differences in development, learn to respect others' development paths and basic systems and make sure the agreement satisfies both sides' demands.

Third, the U.S. must recognize the damage caused by the trade war. Since the trade friction began, Trump has repeatedly claimed on Twitter that the U.S. has won the trade war and that tariffs on Chinese imports have hurt the Chinese economy alone. The reality is that these tweets are just political gimmicks for the coming election. There are no winners in a trade war. New additional tariffs slapped on Chinese

imports are hurting the U.S. economy as well as the Chinese economy, raising costs for U.S. businesses. The two countries are highly interdependent in the manufacturing sector and many U.S. manufacturers rely on Chinese materials and intermediate goods. They can't find good alternatives to Chinese suppliers and thus have to incur extra costs.

In addition, tariffs will force retailers in the U.S. to raise prices. According to the U.S. National Retail Federation, the 25-percent tariff on furniture imported from China will cost U.S. consumers an extra \$4.6 billion. U.S. economic growth and people's livelihood have also felt the bite. Reports issued by the U.S. Chamber of Commerce in March showed that as a result of the trade friction, the U.S. GDP is expected to decline between \$64 billion and \$91 billion in 2019 and in the following four years, accounting for 0.3-0.5 percent of its GDP. A report released in February by the think tank Trade

Partnership said that if the U.S. imposes 25-percent tariffs on Chinese imports, the U.S. GDP will shrink by 1.01 percent, with a loss of 2.16 million jobs and an added expense of \$2,294 for a family of four.

Fourth, economy and trade should be decoupled from politics. From the very start, the Trump administration politicized China-U.S. trade, talking recklessly about China's social and economic systems and its development path. It aims to curb China's development by attacking the Chinese economy.

The highly complementary and mutually beneficial China-U.S. relationship has not only benefited the two countries, but also the entire world. The economic and trade relationship has already become the ballast of China-U.S. relations.

If the Trump administration wants to push forward the bilateral relationship, it can't overlook the importance of this ballast. **C**



Bob Grubba, President and CEO of Broadway Limited Imports, says in an interview at his firm in Ormond Beach of Florida, the U.S., on June 6 that Washington's threatened additional tariffs on Chinese imports would sink the U.S. model train industry, which heavily relies on Chinese manufacturers



People wave flags during an event organized by Hong Kong Chinese Enterprises Association to unite families in their calls for order and harmony in the Ocean Park, south China's Hong Kong, on August 24

Calls for Peace

Hong Kong protests turn violent with several policemen injured

Protests turned violent in Tsuen Wan, in the western New Territories of Hong Kong, on August 25 as radical protesters hurled petrol bombs at police officers and brutally assaulted them.

Several police officers were injured after they were attacked by rioters while they were on duty in Tsuen Wan. Hong Kong's Commissioner of Police Lo Wai-chung visited the injured officers in Princess Margaret Hospital at night.

Lo expressed strong anger and condemnation against the reckless, violent and unlawful acts and said the police force will strive to investigate all violent acts that have caused serious, even life-threatening injuries to the police officers.

Marches took place in Tsuen Wan and neighboring areas that day. After the marches ended, violent protesters deviated from



Taxis hanging Chinese national flags run through Tsim Sha Tsui during a peace rally in Hong Kong, south China, August 23

their routes to attack police officers.

Some radical protesters hurled bricks and petrol bombs at police officers outside Yeung Uk Road Market in Tsuen Wan. They also aimed strong light beams at the officers and set up barricades to confront the police.

Masked protesters, armed with poles and hats, escalated their violence in the afternoon and evening. They blocked various roads in Tsuen Wan, paralyzing traffic in the vicinity.

Having given repeated warnings to the protesters in vain, anti-riot officers fired tear gas and used minimum force to disperse them.

Some demonstrators also took down the national flag at the Kwai Chung Sports Ground, where the rally took place, and trampled on it, challenging the authority of the country and breaching the National

Flag and National Emblem Ordinance, the government of the Hong Kong Special Administrative Region (HKSAR) said in a statement.

The illegal and violent acts are appalling and they are pushing Hong Kong to a very dangerous edge. The government strongly condemns the violence, it said.

At the site, the police repeatedly unfurled signs for the demonstrators to leave, but demonstrators ignored the warning of the police. A police commander at the scene ordered to deploy at least two specialized crowd management vehicles, commonly known as the "water cannon vehicles," to disperse the crowd.

At around 7:30 p.m., many masked demonstrators who had been dispersed gathered again in Yi Pei Square of Tsuen Wan, holding iron bars, wooden sticks and bricks. They

smashed doors and windows of several shops and broke some closed-circuit televisions.

About half an hour later, several anti-riot police officers arrived at the scene where shops were vandalized, and were immediately surrounded and assaulted brutally by a large group of masked radicals holding long metal rods.

With only small shields for defense, the police officers tumbled backward along the Sha Tsui Road, with the violent protesters chasing after them. In face of the extremely dangerous situation, a police officer fired a warning shot into the sky.

Superintendent Leung Kwok-wing of the New Territories South Regional Crime Headquarters said the police fired the shot as his life was in danger. **CI**

(Source: Xinhua News Agency)



The Qianhai and Shekou Area of the China (Guangdong) Pilot Free Trade Zone in Shenzhen, south China's Guangdong Province, on May 15, 2018 (XINHUA)

Spearheading a Significant Push

Shenzhen gears up to be a new socialist powerhouse By Yuan Yuan

After piloting China's economic development for almost 40 years, Shenzhen in south China's Guangdong Province is mapping out its new task as a pilot demonstration area of socialism with Chinese characteristics, according to a document released by the Communist Party of China (CPC) Central Committee and the State Council on August 18.

One of the first special economic zones in China in 1980, Shenzhen has made remarkable progress and developed from a small fishing village to one of the top four megacities in the country. The new plan symbolizes the start of the next chapter in the city's future glory.

Shenzhen, again

Official data shows that Shenzhen's GDP surged from less than 200 million yuan (\$28.24 million) in 1980 to 2.4 trillion yuan (\$343 billion) in 2018, only behind Shanghai and Beijing among Chinese cities. It surpassed Hong Kong Special Administrative

Region (HKSAR), its neighbor, for the first time, and had the highest per-capita GDP among Chinese cities in 2018.

In an article published on August 3 in Outlook Weekly, a magazine affiliated with Xinhua News Agency, Wang Xiaoguang, a professor of economics at the Party School of the CPC Central Committee (National Academy of Governance), analyzed why Shenzhen was again chosen to be a pilot.

As a young city with the youngest population in China, it has accomplished many firsts in reform and opening up and now it has also become a leader in scientific and technological innovation in the country, Wang commented. The city has faced various challenges in the past decades but has never failed to develop.

"It has made significant contributions to exploring the path of socialism with Chinese characteristics," he wrote.

The new plan details three steps to be carried out in the next few decades. By 2025, Shenzhen will rank among the world's leading cities in terms of economic strength

and quality of development. By 2035, it will turn into a national model of high-quality development, as well as a hub of innovation, entrepreneurship and creativity with international influence. By the mid-21st century, the city will become one of the top cosmopolises in the world and a global pacesetter with outstanding competitiveness, innovative capacity and influence.

Its new role, as the new plan states, will be as a demonstration area of socialism with Chinese characteristics. Wang explained that this is a comprehensive goal rather than just a focus on economic development. The document lists various plans for developing its education, healthcare, culture and finance.

"From the concrete measures listed in the plan, Shenzhen has been endowed with more powerful and comprehensive urban functions, which will promote reform and opening up at a higher level and enhance its ability to become a global benchmark city," Zhang Zhaoan, Vice President of the Shanghai Academy of Social Sciences, told People's Daily.

Guangdong-Hong Kong-Macao Greater Bay Area



Zhang cited measures to accelerate the construction of a global ocean city as an example. Shenzhen will set up a maritime university and a national deep-sea research center, and explore the establishment of a financial institution specialized in maritime development.

"These measures are very practical and will help Shenzhen accumulate experience to become a model city," Zhang said.

Huang Yuanhao, founder of Shenzhen-based Orbbec, the world's leading provider of 3D sensing technology solutions, applauded the plan.

"It is exciting news for entrepreneurs in Shenzhen," Huang told Beijing Review. "Shenzhen has a complete supply chain for hi-tech startups, which is a great advantage. It is where tech giants like Huawei, Tencent and DJI are located and it has made great efforts to draw in international professionals. With this new plan, I am very confident that Shenzhen will become a great hi-tech powerhouse in the future."

Huang is grateful for what the government has done to support private enterprises. "It has made long-term plans and strategies for the development of the city, which is crucial for us to have a broader view for our own businesses," he said.

"Shenzhen is a good example of the handling of the relationship between the market and the government since the beginning of China's reform and opening up," Wang said.

Hong Weimin, Principal Liaison Officer for Hong Kong at the Shenzhen Qianhai Authority, also addressed this point during



Area:
56,000 sq. km,
less than **1%**



of China's total area



Population:
70 mln
by 2017,
less than **5%**



of China's total population



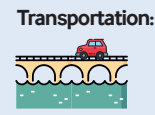
GDP:
Over
10 trn yuan,
12%



of China's GDP



Five major airports
with annual passenger throughput of over **200 mln** in 2017



Transportation:
Hong Kong-Zhuhai-Macao Bridge:
55 km,
world's longest cross-sea bridge



High-speed railway:
48 min.
from Guangzhou to Hong Kong.
15 min.
from Shenzhen to Hong Kong

(Compiled by Beijing Review; designed by Pamela Tobey)

an interview with China Global Television Network (CGTN).

"Socialism with Chinese characteristics is still evolving," Hong said. "In traditional socialist society, it is the state that controls everything, while the market is just a small component. But according to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the market plays the decisive role in resource allocation."

Opening up and cooperation

"This year marks the 70th anniversary of the founding of the People's Republic of China and the 41st anniversary of the adoption of the reform and opening-up policy. It

is also the first year of the development of the Guangdong-Hong Kong-Macao Greater Bay Area," Wu Haifeng, an associate professor at the Chinese University of Hong Kong, said during an interview with CGTN, adding that Shenzhen's new plan is a fresh move to show the world how determined China is to deepen reform and opening up as well as to bring the Greater Bay Area to a new stage.

He Weiwen, a senior fellow at the Chongyang Institute for Financial Studies, Renmin University of China, added a point concerning the timing of the launch of the new plan. "Our country has taken two major steps recently to deepen opening up," He told CGTN, explaining that along with the Shenzhen plan, the Lin-gang Special Area of the China (Shanghai) Pilot Free Trade Zone



A group of young people from Hong Kong visit the headquarters of Hytera Communications Co. Ltd. in Shenzhen, south China's Guangdong Province, on June 26, 2018 (XINHUA)

was officially launched on August 20.

HKSAR Chief Executive Carrie Lam Cheng Yuet-ngor said the new Shenzhen plan will benefit its cooperation with Hong Kong.

"Among the 11 cities included in the Guangdong-Hong Kong-Macao Greater Bay Area, the distance between Shenzhen and Hong Kong is the shortest," she said at a press conference on August 20. "We are very good partners and the new plan will definitely benefit Hong Kong."

More efforts will be made to explore a model of collaborative development and facilitate the efficient exchange of personnel, capital, technology and information between Shenzhen and Hong Kong. The Central Government will encourage Shenzhen, Hong Kong and Macao to jointly hold cultural and artistic activities to better preserve their cultural heritage and strengthen the sense of identity among compatriots.

Xing Yunchao, a sociologist from Hong Kong University, said the tremendous changes in Shenzhen in the past decades have

had an effect on many Hong Kong residents. "In the past, the influence of Hong Kong could be seen everywhere in Shenzhen, but Shenzhen could hardly impact Hong Kong," Xing said. "Now the influence is more mutual rather than one-sided and the two cities have more cooperation in various areas."

In recent years, the gap between small and medium-sized enterprises (SMEs) in Hong Kong and those in the mainland has been narrowing. SMEs in Hong Kong hope to seek more opportunities in Shenzhen, according to the Hong Kong General Chamber of Small and Medium Business.

Wu Sikang, a researcher with the Development Research Center of the Shenzhen Municipal Government, said, "Hong Kong's investment and management experience has contributed greatly to Shenzhen's economic takeoff. Shenzhen-Hong Kong cooperation, put in the context of the Guangdong-Hong Kong-Macao Greater Bay Area, is set to figure prominently in the demonstration area plan." **CI**

A Three-Step Approach

By **2025**, Shenzhen will rank among the world's leading cities in terms of economic strength and quality of development.



By **2035**, it will turn into a national model of high-quality development, as well as a hub of innovation, entrepreneurship and creativity with international influence.

By the **mid-21st century**, the city will become one of the top cosmopolises in the world and a global pacesetter with outstanding competitiveness, innovative capacity and influence.



A Dual-Track Approach

A combination of modern agriculture and tourism creates wonders in disadvantaged areas By Wen Qing

One day in 1969, a 15-year-old middle school student waved goodbye to his family in Beijing and headed for a desolate county in the northwest. In the late 1960s and 1970s, large numbers of educated urban youths were sent to the countryside to work and the teen was one of many. His name is Xi Jinping.

It was not a pleasant journey. It took Xi and the other young students a whole day on the train from Beijing to Tongchuan, a city in Shaanxi Province. After spending a night there, they hopped onto trucks for a bumpy journey for two more days. Xi and his friends had been asked to go to a remote village, Liangjiahe. They had to walk the last few miles to the village as the mountain tracks were too narrow for vehicles.

"Trucks ran round and round on the bumpy mountain roads... Every time I saw the bleak Loess Plateau, I thought we were about to arrive. But I would find more bleak places waiting ahead. I felt like the driver was taking us to the end of the world," recalled Dai Ming, who was on the same truck with Xi.

Dai's memory of that journey has been recorded in *Xi Jinping's Seven Years* as an Educated Youth, a compilation of interviews later conducted about the time Xi, today President of China, lived in Liangjiahe.

Life in the village was harsh. The students lived with scarce food and intense agricultural labor. Xi said in an interview in 2004 that they didn't get to eat meat for months.

The bigger city that the village was part of faced the same harsh conditions. Yan'an was a city of barren lands, frequent droughts and floods, with an underdeveloped economy.

Fast forward to 50 years since Xi's trip to Liangjiahe. Today, it takes only a couple of hours to go to Shaanxi's Yanchuan County from Beijing by plane. The narrow mountain tracks have given way to broad asphalted roads where vehicles whizz past. The arid environment has improved with the once yellow and bald plateau covered by greenery.

People's living standards have also improved. In May, Yanchuan and Yichuan, the last two counties in Yan'an that were still below the poverty line, shook off their penury. According to the provincial poverty alleviation office, only 1.06 percent of the population in Yanchuan and 0.58 percent in Yichuan are still impoverished.

How did this social and economic revolution happen in this historical revolutionary base? Developing modern agriculture and tourism is part of the answer, Yan Jianhua, an official of the Poverty Alleviation Bureau of Yan'an, told *Beijing Review*.



A farmer tends apple trees in Hejiahe Village, Yanchuan County, on July 10. All apples are enclosed in covers so that they stay smooth and free from pesticide

WANG JIANG

Growing money on trees

"Every one of nine apples produced and sold in China comes from Yan'an," Yan said proudly. Apple orchards have become a money spinner for many local farmers, like 61-year-old Zhang Zhiming.

The Zhangs became impoverished due to severe illnesses in the family. A plot of land was their only source of income but the traditional crops they planted couldn't produce a sufficient income. Then nine years ago, Zhang began to plant apple trees. For seven long years, the time it took for the trees to bear fruit, he had to wait. The patience was rewarded last year when the trees began bearing fruit.

He sold the apples to a company that was buying apples from poor households to help them market their products and earned almost 70,000 yuan (\$10,146). That was the year the delighted Zhang family said goodbye to poverty.

"Compared with growing corn, the traditional crop, apples are far more lucrative," Yan said. Apples grown on one *mu* of land can yield 7,000 yuan (\$1,014), while corn grown on the same plot will fetch no more than 600 yuan (\$87). *Mu* is a traditional Chinese land area measurement, equaling 667 square meters.

Yan'an apples are famous for their high quality, thanks to the high altitude, abundant sunlight, large day and night temperature difference, and dry weather. Encouraged by the local government, more and more households started to plant apple trees. By 2018, Yan'an had 230,000 hectares of apple orchards producing 3 million tons of the fruit.

"Our next step is to add value to the apple industry through post-processing, including sorting, packing, storing and marketing," Yan said.

In Yichuan, the apples are grown on the mountains as the fruit likes sunshine. In the valley, farmers have switched to modern greenhouse agriculture supported by the local government.

Wangwan, a village in Yichuan with 110 households, was an impoverished village with over 40 percent living in poverty. Most of them were corn planters or worked as migrant laborers in cities.

Song Shuangping worked as a truck driver, while his wife planted corn in their plot of land. Then Song had a road accident and the medical expenses brought the family near bankruptcy.

To help such struggling families, the local government put money together with an investing company to build greenhouses in the village and brought agricultural technicians from Yan'an to train farmers to use the greenhouses. Every poverty-stricken family can use three or four greenhouses for free.

The farmers plant watermelons, strawberries, cherry tomatoes and seasonal vegetables.

"I started to plant seasonal fruits and vegetables in the greenhouses three years ago. Each greenhouse can make over 10,000 yuan (\$1,449) a year," Song told *Beijing Review*.

The village is only a 20-minute drive from the county seat and Wanqin, the company that invested in the greenhouses, now plans to develop the village into a scenic spot for tourists. They can enjoy picking seasonal fruit as well as fishing and marveling at the sea of peony flowers.



Tourists at the Hukou Waterfall on the Yellow River in Yichuan County, Shaanxi Province, on May 3

Tapping tourism potential

Other counties are also developing their tourism potential. Xiaocheng, a village in Yanchuan, though remote and mountainous, lies in a spectacular scenic area, the Qiankun Bay, developed in 2015 after the county government decided to make tourism a key development strategy.

In the past, due to the inaccessibility of the area, many people had never ventured out. Growing dates was the main form of livelihood supplemented by working as migrant labor.

But today the bay area has become a comprehensive tourism spot, offering boating on the Yellow River, grass skiing and local cuisine.

The farmers are changing tack. Hao Shibin, a 50-year-old villager, sells food to tourists at the scenic spot. He has also opened a barbecue restaurant, shaking off poverty.

"I started my small food business in 2009. But I began to make real money in 2015 after the scenic spot opened and tourists swarmed in," Hao said. "During the peak of the tourist season, I can make 4,000 yuan (\$579) a day."

He has hired two people in his restaurant and in his way contributed to poverty alleviation.

The ripple effects of tourism can be seen in the dozens of households running a variety of tourism-related businesses such as providing transportation, selling fresh fruits and vegetables to restaurants, and running souvenir shops.

In the coming years, Yan'an will give priority to sustainable rural development to prevent farmers from falling back into poverty, Yan said. Government subsidies for poor households offered during the poverty alleviation campaign may be canceled, but the government will continue to improve the social safety net and public services, he added. **C**

(Reporting from Yan'an, Shaanxi Province)



A researcher works in a microwave darkroom at Purple Mountain Laboratories, a major technological innovation platform on 5G chip research and development, in Nanjing, east China's Jiangsu Province, on June 6

Infinite Possibilities

China ushers in a new chapter of communication as 5G licenses for commercial use are granted By Zhang Shasha

Despite a great deal of information, people still find it hard to imagine how 5G will benefit their lives or the world at large. Some clues can be traced back to 2012, before the commercialization of 4G.

Based on reports at the time, people knew 4G would provide smoother videos on smartphones, but they couldn't possibly predict the boom of the short video industry. They realized that 4G would make mobile payments easier, but the ideal method at the time was through credit cards, and no one knew a Quick Response code would soon replace cash payment, revolutionizing the field. Other unpredicted results included the emergence of mobile e-commerce, food delivery services and ride-hailing platforms. People's predictions couldn't jump out of the box of the existing technologies and logics.

Within just a few years, 4G and its spawned services have made a profound impact on people's lives, with the benefits including more than just speed. Similarly, speed may be the least significant change of the new 5G network, although it is nearly 10 times faster than 4G. At present, we know that 5G will empower virtual reality, augmented reality, automatic driving and the Internet of Things, but what we cannot imagine is the transformation and upgrading it will bring to industries and its potential for innovation.

On June 6, the Ministry of Industry and Information Technology (MIIT) granted the first 5G licenses for commercial use to China Telecom, China Mobile, China Unicom and China Broadcasting Network, initiating the new 5G commercialization era and opening the door to infinite possibilities. The move

is ahead of schedule as it was originally projected to be launched in 2020.

A lucrative chain

The speed up of 5G is generally a boon for the industrial chain, which consists of a string of stakeholders, such as operators, equipment manufacturers, smartphone manufacturers and others.

A report by Pacific Securities, a Chinese investment bank and brokerage firm, said that in the preliminary stage of 5G commercialization, the beneficiaries are mainly equipment manufacturers and their upstream suppliers. By 2020, Chinese domestic telecom operators are expected to have invested 220 billion yuan (\$31.8 billion) on 5G network equipment, according

Worldwide Advance of 5G Application



The first echelon

Countries which plan to realize pre-commercial use of 5G in 2019 and mass commercial use in 2020

- China
- Republic of Korea
- United States
- Japan



The second echelon

Countries which plan to realize pre-commercial use of 5G in 2020

- UK
- Germany
- France



The third echelon

Countries which plan to realize pre-commercial use of 5G after 2020

- Canada
- Russia
- Singapore

to the China Academy of Information and Communications Technology (CAICT), and the global market will be even bigger. The construction of 5G is bringing a number of deals to equipment manufacturers like Huawei and ZTE, making them the biggest players at this stage.

During the middle-term stage, a trend of mobile terminal replacement is expected, with new products already available. Thus, consumer spending on terminals and telecom services will see rapid growth, which will make terminal equipment manufacturers, operators and related industrial chains the main beneficiaries. In 2018, there was a downward trend of smartphone sales, partly attributable to a lack of innovation; thus 5G will be a catalyst for a new round of consumption.

As 5G terminals and networks become more popular in the final stage, 5G-related information services are poised to embrace a burst of growth.

"The commercialization of 5G will lead the new generation of information technology to penetrate all walks of life and drive the growth of new products, services and business models," Jiang Jiang, a researcher with the Institute of Industrial and Technological Economics at the Chinese Academy of Macroeconomic Research, told *Beijing Review*. For example, in combination with telemedicine, precision

medicine could break through bottlenecks and make it possible to acquire more clinical data and advance applications for new technologies, she said, adding that the same is true for other industries.

"5G can propel the transformation and upgrading of the real economy and boost industrial development while seizing new opportunities in the digital economy," said Wang Zhiqin, CAICT deputy head.

In addition, the participation of China Broadcasting Network will be noteworthy since it is a big variable in the industry. In recent years, with the impact of the Internet, users of big screens have turned their heads toward small screens. How to regain their attention in the future is an important challenge.

"There are broad prospects for China's 5G development," Chen Baoming, a researcher with the Chinese Academy of Science and Technology for Development, said. "The release of the consumption potential and the development and application of technology and products should be a mutually reinforcing process. Meanwhile, the application of 5G will effectively promote economic development."

A boon for China's economy, 5G also brings good news for the global economy. By 2035, 5G will enable \$12.3 trillion of global economic output, which is nearly equivalent to the U.S. consumer spending total in 2016, according to a report by IHS Markit, a London-based global information provider. In addition, the global 5G value chain will generate \$3.5 trillion in output and create 22 million jobs by 2035 while the total contribution of 5G to the real global GDP will be equal to an economy the size of India, the seventh largest in the world.

5G acceleration

This year, the world has stepped up efforts to accelerate 5G development. To date, the Republic of Korea, the United States, Switzerland and the UK have opened 5G services, according to GSMA Greater China, which is part of Groupe Speciale Mobile Association (GSMA) representing the interests of global mobile network operators. GSMA also estimated that by the end of the year, there will be 29 cities around the world open for 5G services with 10 million connections made.

Against this backdrop, China aims to seize the momentum and take the initiative in accommodating the world situation.

Chen Baoming told *Beijing Review* that the issuance of 5G licenses at this time is a result of the joint effect of supply and demand. He said the combination of increasingly mature technologies and products along with growing social demand triggered the issuance.

"China has adhered to innovation and

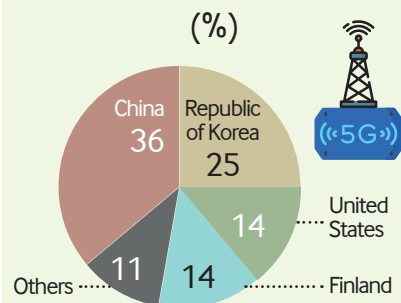
opening up and has established competitive advantages in 5G technology and standards," Gong Daning, a senior engineer with the CAICT Policy and Economics Research Institute, said.

In terms of technological standards, the 5G concept, scenarios and technical indicators initiated by China have been included in the 5G definition of the International Telecommunication Union, he said. In addition, some key technologies proposed by Chinese enterprises such as Polar Code, Massive MIMO and a new type of network architecture have become highlights of international standards.

According to a report released in April by IPlytics, an authorized patent data company, Chinese enterprises accounted for 36 percent of 5G standard essential patents (SEPs) among more than 20 global enterprises, ranking first in the world. SEPs refer to patents that use specific technology required to meet a technology standard.

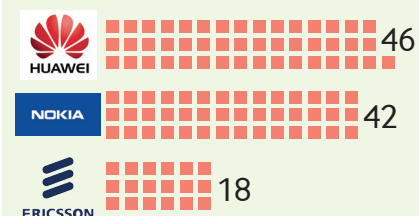
From the perspective of industrial capacity, China took the lead in 5G technology research and development. China Mobile carried out tests in five Chinese cities, which will each have more than 100 5G base stations. The company will also open 5G services and demonstrate 5G applications in 12 cities across the country. China Securities, a Chinese investment bank and brokerage firm, estimated that the number of China's

Share of 5G Standard Essential Patents



5G Equipment Producers

(By number of contracts acquired)





A boy observes a 5G base station chipset developed by Huawei Technologies at the China International Big Data Industry Expo in Guiyang, southwest China's Guizhou Province, on May 26

Top 10 5G Use Areas



Cloud VR/AR: Real-time image rendering and modeling



Internet of vehicles: Remote-control driving and automatic driving



Intelligent manufacturing: Cloud control of wireless robots



Intelligent energy: More efficient power grid control



Wireless medical service: Remote diagnosis with force feedback



Wireless home entertainment: 8K ultra-high-definition video and cloud gaming



Network of drones: Professional inspection and security service



Social network service: Ultra-high-definition and panoramic live broadcasting



Personal AI assistance: AI-assisted smart helmet



Smart city: AI-enabled city management

5G base stations will be the most in the world by the end of the year.

Chen Zhaoxiong, Vice Minister of Industry and Information Technology, said that China's 5G technologies and products are becoming increasingly mature. The main links in the industrial chain such as the system, chips and terminals have basically reached the commercial level, with conditions ready for commercial deployment. At present, China's medium-frequency 5G equipment, terminal chips and smartphones are among the first tier in the global industry, Gong added.

Along with the foundation of technological and industrial advantages, Chen Baoming said he regards China's acceleration of 5G construction as a response to international competition. "Given the external pressure facing some Chinese hi-tech enterprises, it is a critical measure to promote the development of the domestic market and offer opportunities for their development," he said.

Joining hands

The MIIT emphasized that the 5G standard is an international standard jointly formulated by global players. It said foreign enterprises such as Nokia, Ericsson, Qualcomm and Intel have been deeply in-

involved in the technical testing phase, which contributed to laying a solid foundation for the commercialization of 5G in China.

Meanwhile, Chinese enterprises are participating in global 5G construction. As of June 6, Huawei had acquired 46 5G commercial contracts in 30 countries around the world. ZTE has also promoted 5G cooperation with more than 40 global operators.

Jiang emphasized that 5G as a new technology should have no country restrictions since it will provide benefit to all global consumers with cheaper and more convenient and efficient products and services.

"China speeding up the construction of its 5G network will have a demonstrative effect on the world and trigger a worldwide momentum of 5G development," said Xiang Ligang, a renowned observer of China's communications industry.

MIIT stressed that China welcomes enterprises at home and abroad to actively participate in the building, application and promotion of its 5G network and share the sector's development dividends.

"The huge Chinese domestic market will play a crucial role in promoting global 5G development since China provides global players with access to fair competition and is willing to share the fruits of its 5G growth," Chen Baoming said. **CI**

A poster of *Ne Zha*

Animated Dreams

Ne Zha, a surprising domestic summer sensation, sets a box office record in China By Sherry Qin

“Every time I see a good comic or animation, I get excited for days, not merely for my appreciation for the work, but for my hopes for the entire Chinese animation and comics industries,” Lin Ji, a cartoonist widely known as Guosite, with over 16 million followers on Chinese social media platform Weibo, wrote after watching the latest Chinese animated hit film, *Ne Zha*.

Since its release on July 26, *Ne Zha* has broken the single-day record for an animated film in China with 200 million yuan (\$28.6 million) and five days after its debut, the movie’s box office revenue exceeded 1 billion yuan (\$141.8 million), topping the box office chart, according to the Maoyan online ticketing service. Its box office had hit 2.3 billion yuan (\$328.6 million) as of August 5, and already surpassed Hollywood animated movies in China, including *Zootopia* (\$217.2 million), *Coco* (\$171.8 million) and *Despicable Me* (\$147.7 million). Rated 8.7 on Douban, a website which provides user reviews and recommendations, the film has become the highest rated movie of the summer.

Ne Zha, the protagonist of the film, sporting two buns and dark circles around his eyes, has gone viral on China’s social media. *Ne Zha* cosplays, fan art and fan fiction flooded Weibo in the 10 days after its release.

The *Ne Zha* fever seems to be ushering in the dawn of the long-clouded Chinese animation industry. Many fans and industry insiders are calling for “the rise of Chinese comics once again.”

Ancient folk legend retold

Ne Zha tells the story of the birth and coming of age of the mythical figure by the same name, who is a rebellious deity born to human parents and seen as a devil in his hometown. Adapted from one of the most renowned Chinese novels, *Investiture of the Gods*, the character is no stranger to Chinese audiences. In fact, there have been 18 different adaptations of TV series and animations featuring *Ne Zha* since 1979.

But the director of the film Yang Yu tailored his *Ne Zha* to today’s cultural context to resonate with today’s audiences. To fight against his hometown’s preconceptions, *Ne Zha*, a violent and defiant figure in previous versions, becomes an antihero who vows to take his life in his own hands and not submit to his so-called destiny.

Yang, widely known by his nickname Jiaozi (dumpling), was a medical graduate before turning to animation. After the success of his solely-made animated short film *See Through*, he strove to produce an animated film in the Chinese style. Yang chose *Ne Zha* as his first project on the big screen because

of the folk legend's prevalence with audiences in China and the room it allowed him to shape the character to modern tastes.

"It's a folk legend told in a contemporary way. Many lines spoken by the characters are adapted from the latest and hottest memes," wrote a viewer on Douban. "But it also raises discussion about current topics, such as pedagogy, self-identity and family relationships."

Ne Zha is not the first animated film in recent years to spark hope for the rise of the domestic animation industry and a revival of China's comics industry. *Monkey King: Hero Is Back* (2015) and *Big Fish & Begonia* (2016) both provoked wide discussions on social media after they were released. Yet most viewers were attracted to their splendid visual effects and their unique styles, diverging from Hollywood and Japanese animation.

"It is no longer a pileup of meaningless Chinese icons. This movie builds a world in which solid and empathic characters have their worldviews and characteristics," one person commented on Douban.

Breaking stereotypes

"It was not easy to make *Ne Zha*. Chinese audiences used to think that comic books and animations were only for kids. We wanted to break that stereotype, just as *Ne Zha* battles people's biases," said Yang at the premiere of the movie in Beijing on July 23.

It took Yang five years and a total of 66 versions to bring the story to the big screen in his efforts to make it entertaining for both children and adults. Out of over 30 different potential images of *Ne Zha*, Yang eventually picked the panda-eyed and slouchy boy as his lead character to challenge people's impressions of the familiar figure.

Along with abandoning their bias against comics and animation, Chinese audiences also need time to cultivate the habit of enjoying them. Lin, born in the 1980s, reflected on her journey from a comic enthusiast to a full-time cartoonist. When she was little, comic books were absolutely banned by her parents; she had to read them at night after the lights were turned off. Ten years later, when she became a cartoonist, many of her readers were introduced to her work by their parents. "I realized the environment has changed. Comics and animation are being gradually accepted by Chinese society," Lin said.

The future

Despite the optimism of audiences and industry professionals, Yang and investors feel bittersweet about the sweeping acclaim *Ne Zha* is garnering.



Kids dress like *Ne Zha* at a parade during the 15th China International Cartoon & Animation Festival on May 4 in Hangzhou, east China's Zhejiang Province

Top Domestic Movies

Movie	Director	Box office revenue (bln yuan)
<i>Wolf Warrior 2</i> (2017)	Wu Jing	5.683
<i>Ne Zha</i> (2019)	Yang Yu	4.7 (as of Sep 1)
<i>Wandering Earth</i> (2019)	Guo Fan	4.654
<i>Operation Red Sea</i> (2018)	Dante Lam	3.65

(Source: Maoyan.com)

"In the process of making *Ne Zha*, I saw the lack of a mature industrial system behind the production of animated films in China," Yang said. It took 1,600 staff members from 20 production companies to create the visual effects, yet each company had different standards on the character rendering and modeling process, which posed a challenge for the director.

One of the major production companies behind *Ne Zha* is Coloroom Pictures, a sub-company dedicated to animated films under Enlight Media, one of China's leading private film companies. Wang Changtian, President of Enlight Media, announced the giant's new animated ambitions and the founding of Coloroom in Beijing in 2015 after the major splash made by *Monkey King: Hero Is Back*. Yet it took Coloroom another four years to produce its next animated hit film.

Compared to live action films, animated movies offer the highest risk-reward ratio in the movie business, but slow return on in-

vestment and an immature market in China make producers hesitant to venture down the animation road.

In 2017, a total of 12 domestic animated films grossed only 930 million yuan (\$131.9 million), trailing far behind *Ne Zha's* five-day box office revenue.

"We will make plans for the next *Ne Zha* film if investors can recoup their costs," said Yang, revealing the relentless reality of the industry. So far, it appears Enlight Media and Coloroom Pictures are the biggest winners this summer.

Ne Zha is an experiment for Yang and Coloroom to test the market and pave the way to construct an industrial system for animated film production. Yang and Coloroom are planning to work on a trilogy of *Ne Zha* and further build a series based on *Investiture of the Gods*, a vernacular novel much like the Marvel comics universe with many characters and heroes of which *Ne Zha* is only one. **CI**

A Booming Cultural Industry

China's cultural industry grew 8 percent in the first half of the year



Hua Mulan and her male companions in action in a scene from *Hua Mulan*, a ballet by Liaoning Ballet of China that hit the David H. Koch Theater in New York City on August 23

Cultural industries in China achieved steady and rapid growth in the first half of the year despite the mounting downward economic pressure at home and complicated external conditions abroad. Statistics recently released by the National Bureau of Statistics (NBS) showed that the revenue of the 56,000 leading cultural companies surpassed 4 trillion yuan (\$558.2 billion) in the first half of 2019, up 7.9 percent year on year.

According to Yin Guojun, a senior statistician with the NBS, the industry has maintained a growth rate of about 8 percent this year. Its structure has continued to be optimized, with the proportion of cultural services and core cultural areas continuously expanded, while the cultural industry in central and west China has grown at a faster pace than the same period last year. In addition, thriving new business models have expanded the scope of the industry, contributing to innovation and promoting its development.

The cultural industry has helped increase people's sense of happiness and gain by providing high-quality products and services. It has made remarkable progress due to the

following reasons:

First, the guidance of the Communist Party of China and the continuously unleashed policy dividends have boosted the confidence of industry participants. President Xi Jinping's expositions on cultural reform and development have mapped out the direction for the industry. The Central Government's favorable policies for supporting its development have helped attract resources and bolstered stakeholders' morale.

Second, supply-side structural reform has promoted the upgrading of cultural consumption. With optimized cultural supplies, represented by booming cultural tourism, cultural consumption has also been upgraded and become an important part of national consumption. In the first half of the year, per capita educational, cultural and entertainment expenditure increased 10.9 percent year on year, faster than the 3.4 percent growth rate of per capita expenditure. This expansion has also driven the development of the retail, catering, hotel and transportation industries.

Third, the development of new technologies has provided new growth drivers for the cultural industry. New generation information technology, including cloud computing, big data, the Internet of Things, artificial intelligence, block chain and 5G, has fundamentally reshaped the way people learn, spread information and access cultural products. New items based on the Internet such as animation, video games and live streaming have become fresh engines and growth points for the industry.

Fourth, the supervision of the cultural industry has been improved to create a sound environment for its development. Departments in charge of the industry have strengthened planning and guidance for the creation and production of cultural products and improved their services to create a favorable business environment. As a result, healthy and positive content and creative ideas have taken hold in the industry. ■

(Source: Xinhua News Agency)

