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EDITORIALS

Syria needs reforms

THE DAY AFTER DOZENS WERE KILLED, IN ONE of the deadliest single-day tolls since protests erupted in Syria more than seven months ago, the United Nations (UN) and the Arab League issued separate condemnations of the violence on Saturday.

UN Secretary-General Ban Ki-moon voiced the international concern over the ongoing crisis, when he said, "The calls of the Syrian people for change must be answered with far-reaching reforms, not repression and violence."

Syria is clearly in a state of internal political crisis. According to the UN, at least 3,000 people have lost their lives in the country since the unrest began in mid-March.

It is no surprise that the NATO powers, inspired by their successful military intervention in Libya, shifted focus on Syria.

However, given the geopolitical sensitivity of Syria as the nerve center of the Middle East and the weak position of the Syrian opposition, the Western powers have so far restricted themselves to sanctions aimed at Syrian President Bashar Assad and the ruling elite and have refrained from any military intervention, such as the NATO action in Libya. Yet, international pressure upon Syria for political reform is increasingly building up.

Echoing the US Secretary of State Hillary Clinton's statement that Assad has "lost legitimacy", the European Union (EU) widened sanctions against Assad and the Syrian state. French Foreign Minister Alain Juppe said that fall of the Assad government is "unavoidable", while the British government is urging Assad to step down.

Early last month the EU welcomed the formation of the opposition Syrian National Council, a coalition of seven Syrian opposition factions, as "a positive step forward".

Although Russia and China jointly vetoed a Western-backed draft resolution at the UN Security Council — because the resolution criticizing the Syrian government for allegedly suppressing protests would have opened the door to possible military action — the stance of noninterference in Syria's internal affairs does not come unconditionally.

China called on the Middle East on Thursday to halt all forms of violence in Syria and take all necessary measures to prevent bloodshed. "The people's legitimate demands should be respected as a precondition for pushing the reform process," Wu Sike, China's special envoy to the Middle East, said in a statement in Damascus last week.

In the meantime, the Arab League has proposed an initiative to end the crisis in Syria and embark on dialogue between the Syrian government and the opposition.

Despite his warning to the Western powers that any military intervention in Syria would cause an "earthquake" in the Middle East, Assad should recognize that it is matter of urgency for the Syrian government to reach a political agreement with the opposition on needed reforms.

Consumer honeymoon

THE INTRODUCTION OF A PROMOTION MONTH next year to boost domestic consumption is a laudable effort by the Chinese government to expedite transformation of China's growth pattern.

The Ministry of Commerce, the Ministry of Finance and the central bank announced last week that they will make joint efforts to boost consumption in a bid to let consumption play a larger part in the country's economic growth.

The commerce ministry said it will make one month a promotion month starting in 2012, while the finance ministry promised to guide funds to improve market logistics and the central bank will encourage credit support for consumption.

Such targeted measures will help address some of the obstacles to a much-needed consumption boom in the world's second largest economy.

But stronger consumer spending in a month will not be enough to drive the country's economic growth.

To substantially increase the role that consumption plays in sustaining China's long-term growth, Chinese policymakers need to extend and expand the supportive measures in this consumer honeymoon as soon and far as possible.

After more than three decades of export and investment-led growth, Chinese policymakers are fully aware of the increasing urgency of the need to boost domestic consumption into a key growth engine during the 12th Five-Year Plan period (2011-2015).

Any delay in easing its dependence on exports will only increase the pressures on the country's environment and resources and make its growth more unsustainable.

Meanwhile, the fragile global recovery has propelled the international community to pin their hopes on Chinese consumers who, in theory, have a good chance of helping rebalancing the world economy. As debt-laden Western countries undergo painful deleveraging to put their fiscal and financial house in order, a Chinese consumption boom would mean as much abroad as at home. Unfortunately, in spite of all the obvious benefits from raising consumption as a share of the country's gross domestic product, Chinese consumers largely remain reluctant to loosen their purse strings, and for good reasons.

On the one hand, stubborn inflation is eroding people's economic gains. On the other hand, corporate profits and government revenues still account for an excessively large slice of the growing pie of economic growth in this country.

The proposed promotion month is surely needed to improve the domestic environment for Chinese consumers. But some tax holidays may be also needed to sweeten the honeymoon.

Targeted tax incentives have proven quite effective in stimulating consumption of certain goods like energy-saving household appliances and cars. There is no reason not to make them part of that month.

CHINA FORUM | WEI SHEN

Time to talk harmoniously

China and Europe can work together to ensure the G20 makes a decisive contribution to global growth and stability

Although the EU-China summit has been postponed, the leaders will still meet this week at the G20 summit in Cannes, France. How will the two sides react when they meet in Cannes? And can we still hold any expectations for the delayed EU-China summit and hope that Europe and China will work meaningfully together on global economic issues?

Despite the many problems that exist between the two sides, they are locked in a close embrace. The European Union is China's largest export market and China is being courted by the EU to prop up the euro.

When Herman Van Rompuy, the European Council president, meets President Hu Jintao he is unlikely to join the United States in accusing China of currency manipulation. Instead, Van Rompuy will probably be more inclined to try and tap into China's vast foreign reserves and seek to persuade Chinese leaders to buy more euro bonds. Already China has nearly one-third of its total foreign currency reserves in euros, and the ongoing financial deterioration in Europe has opened doors for China to expand its investment in

Southern and Central Europe.

China has informally suggested purchasing more European sovereign bonds, yet so far has refrained from giving a firm and concrete commitment. Therefore, Van Rompuy will be keen to transform China's "words" into actions, and at the same time convince China of the safety of its investment.

However, China's growing presence in Europe is not always welcomed with open arms. It has been regarded by some EU members as responsible for assets stripping and the buying of resources. But it is worth noting that despite the recent surge of inward investment from China into the EU, which reached 900 million euros (\$1.26 billion) in 2010, it still amounts to only 1.7 percent of the total foreign direct investment in the 27-member bloc.

Another daunting task for Van Rompuy will be persuading the Chinese leaders to further open China's domestic market to products that are "made in Europe". The latest figures from Eurostat show that the EU has a 168.6 billion euro trade deficit with China, despite growing exports to China that amount to just over 113 billion euros. The economic rebound of some European countries can be

partly credited on exports to China. Germany for instance has been leading the race to explore the Chinese market. By the end of 2010, China had overtaken the US as the leading export destination for German products. German chemical firms and car manufacturers, such as BASF and BMW, are experiencing significant financial gains through their Chinese operations.

While Germany's success cannot be simply duplicated by the other 26 EU members due to their different industrial bases, Van Rompuy will likely express frustration about the lack of effective access to the Chinese market expressed by small and medium-sized enterprises in Europe and those companies from less economically advantaged parts of the EU. European leaders should prioritize their negotiation tactics and focus on the pragmatic issues such as business licensing and legal transparency.

While President Hu Jintao will undoubtedly reiterate Beijing's support for the eurozone, he will also wish to ensure that the EU is not over-reliant on China's foreign reserves. While China's contributions so far are widely acknowledged in Europe, President Hu clearly knows that China alone cannot be

Europe's savior, and is certainly not perceived as one by the majority of Europeans. After all, China has plenty of domestic economic challenges of its own to solve, including the unhealthy loans of Chinese banks and bad debts held by local governments. Chinese leaders will thus evaluate the European rescue plan carefully before making any firm offers. To make sure of their return on investment, China will aim at expanding infrastructure and transportation projects on the European continent as part of their financial commitment.

Already China has been successful in securing a number of large-scale projects in Southern and Eastern Europe, for instance, China's Chinese shipping giant Cosco has financed 3.6 billion euro project in the port of Piraeus in Greece. But the Chinese leadership will express its concerns about the growing protectionism in Europe.

Last but not least, the success of the Cannes meeting and the forthcoming EU-China Summit will depend on whether the EU will be able to follow through on the impressive commitments made in Brussels recently. After calling President Hu Jintao to prepare for the G20 Summit, President Sarkozy announced that China and Europe will work together to ensure the G20 "makes a decisive contribution to global growth and stability". An indecisive voice from the European side will definitely not be helpful at the summit and will be perceived as a weak response in the eyes of Chinese leaders.

The fragility of the eurozone economy and seemingly unaffected Chinese growth has brought the Europe and China closer, but we are observing an inevitable shift in the center of gravity. Though difficult challenges remain, there is still scope for reaching a meaningful deal at the G20 meeting and the postponed EU-China Summit. To achieve this, the EU and China must demonstrate mutual trust, leadership, vision and pragmatism in the meetings. After all, while the EU and China may share different interests and motivation in solving the eurozone debt crisis, it is clear neither of them wishes to see a further deterioration of the market, and they need each other to rejuvenate the global economy and restore confidence in the financial markets.

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PANG LI



BY CHEN WEIHUA

Reclaiming moral ground key to nation

Chinese traveling abroad three decades ago were often amazed by how modern the outside world was — everything from skyscrapers and highways to cars and home appliances.

The picture today is totally different. China has become the world's manufacturing workshop, supplying home appliances and clothing to people all over the world. The skyline in Shanghai looks more futuristic than New York City and China's infrastructure such as airports and high-speed trains is now the envy of the world.

So it's not surprising that Chinese visiting New York these days no longer feel awed by its tall buildings and limousines. They actually complain about how old its subway, highways and airports are.

But what does attract their attention is the public civility displayed. They talk fondly of how New Yorkers hold open doors for the people behind them and how drivers yield

to pedestrians. They are impressed by how polite and helpful people are, and they are shocked by how much people still trust each other.

Going to movies in New York, only one usher stands at the gate for a multiplex of between 15 and 20 screens. No one will stop you from watching several movies in a row, but you are not supposed to do so. The whole system is based on trust.

I doubt there is any multiplex in China that operates like this, simply because the kind of trust needed does not exist here.

Chinese people have been appalled by the aloofness shown by passersby toward a badly injured girl in Foshan, Guangdong province. Two-year-old Yue Yue was run over twice while 18 passersby chose to turn a blind eye. The disturbing video of the scene has been played time and again on TV, triggering a debate of what's wrong with the Chinese nation.

People who refuse to offer helping hands contend that too many

people have been blackmailed over the years after going to the aid of elderly people who have had a fall. In one well-known case four years ago, Peng Yu, a young man in Nanjing, Jiangsu province, was found responsible by the local Gulou district court of injuring a 66-year-old woman. Peng, seeing the woman lying hurt after a fall, rushed her to a nearby hospital. However, when the woman insisted that Peng was the one who knocked her down and sued him, the court, without any evidence, ruled that Peng was liable, as common sense suggested only the person who had injured the victim would behave in such a way.

Sadly, that is indeed the common sense of our society today, regardless of how tragic, pitiful and absurd it is.

I don't know how soon people's anger over the death of Yue Yue will fade as it has in the past after similar cases. The question is really how much longer can we as a nation afford to keep retreating from the moral ground.

Various surveys in the past weeks have shown that the majority of the people polled believe our morals have suffered a major setback in the past decade. While our ability to build infrastructure, boost manufacturing capacity and create an economic miracle continue to amaze the world, we are taking one blow after the other for our abdication of the moral high ground.

According to a popular saying, it takes three generations to make a gentleman, so the challenge of reclaiming our lost moral ground will be harder than tackling the income gap and sending people to the moon.

But that is no excuse for inaction. Because if we do keep giving in, as we have in the past, we will run the risk of losing all that is necessary to hold the nation together.

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