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THE WORLD BANK

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PUBLIC DISCLOSURE AUTHORIZED

Meeting: President Jiang of China

Wednesday, October 29, 1997

5:20 - 5:35 p.m.

Blair House

The White House Group
Archives



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President Wolfensohn - Briefings Books for Presidents Meetings - Meeting Materials
Press Clippings and Photos - Courtesy Call - President Jiang Zemin of China -

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A. CLASSIFICATION

☒ Meeting Material
☐ Trips
☐ Speeches

☐ Annual Meetings
☐ Corporate Management
☐ Communications with Staff

☐ Phone Logs
☐ Calendar
☒ Press Clippings/Photos

☐ JDW Transcripts
☐ Social Events
☐ Other

B. SUBJECT: COURTESY CALL: PRESIDENT JIANG OF CHINA (B) (N) // VENUE: BLAIR HOUSE // CONTACT: MARY YANG @ 80058 // CHRISTINE HATHAWAY @ 647-4073 // FAX: 647-3980 IN ATTENDANCE: JDW, ZHANG, SEVERINO, HUANG // (B) BY EAPVP // DUE MONDAY, OCT. 27 // 10/16 CFMD WITH CHRISTINE HATHAWAY, STATE DEPARTMENT THE TIME OF THE MEETING EXC: MM // LFG (10/10)

DATE: 10/29/97

Brief includes:

- Cover note, with Key Messages from Tom Tsui
- Bio
- Basic Facts & Figures
- Press Articles

C. VPU

Corporate

☐ CTR
☐ EXT
☐ LEG
☐ MPS
☐ OED
☐ SEC/Board
☐ TRE

Regional

☐ AFR
☒ EAP
☐ ECA
☐ LAC
☐ MNA
☐ SAS

Central

☐ CFS
☐ DEC
☐ ESD
☐ EPD
☐ FPR
☐ HRO

Affiliates

☐ GEF
☐ ICSID
☐ IFC
☐ Inspection Panel
☐ Kennedy Center
☐ MIGA

D. EXTERNAL PARTNER

☐ IMF
☐ UN
☐ MDB/Other IO
☐ NGO
☐ Private Sector

☐ Part I
☒ Part II
☐ Other

E. COMMENTS:

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Points for Mr. Wolfensohn's Meeting with President JIANG Zemin (CHINA)

(Wednesday, October 29, 1997: 5:20 p.m. - 5:35 p.m.)

- You should thank President Jiang Zemin for the tremendous success of the Annual Meetings. Credit the personal efforts and participation by Premier Li Peng, Deputy Premier Zhu Rongji, and Finance Minister Liu Zhongli, as well as the exceptional arrangements made by the Chinese authorities in Hong Kong. It reflected well on China and the Bank Group.

Key Messages

- the Bank and China enjoy a strong, unique partnership. China is the Bank's largest borrower and best performer. We want to do everything we can to keep that up.
- Congratulate President Jiang on the success of the 15th Party Congress. President Jiang's speech spelled out at the highest level the willingness to address tough problems in the state-owned enterprise and the financial sectors, and to deal with China's pressing social issues.
- Now that the Party Congress is finished, you should ask how the Bank Group can help China in these areas. You should emphasize that the Bank has *rich* experience in these critical reform areas from many countries and is more than ready to assist. For example, in state-owned enterprise (SOE) reform, we support President Jiang Zemin's proposals for diversifying shareholding, experimenting with new forms of management, and improving the legal and competitive environment in which these enterprises will operate. Similarly, we support President Jiang's plans to address the weaknesses in the financial sector and are prepared to help tackle them.
- You should emphasize that the Bank shares China's concerns about the social aspects of transition and its potential political implications. The Bank can do a lot to help China deal with emerging social issues -- pension reform, unemployment, revitalized health and education systems. The Bank can provide policy options and, if needed, operations. The phasing out of IDA should not prevent the Bank from continuing to assist China in the social sectors since we are doing so in Latin America and Eastern Europe where IBRD-financed projects are common. To make the best use of the Bank's knowledge and experience *after* IDA resources are no longer available for China, we need to discuss with the Government new ways by which the Bank can continue to be effective in helping China in the social sectors.
- **Closing:** You should assure President Jiang that the Bank Group will do everything it can to better assist China in the future. For this purpose, we have initiated our Strategic Compact and decentralization activities. From November 1997, the Bank will move the heart of its China operations to Beijing by having the new Country Director for China in the field. You should indicate that you look forward to taking up the Government's invitation to visit China, possibly next fall (after the National People's Congress has convened and the new leadership team endorsed).

Background Note for Mr. Wolfensohn's Meeting with President Jiang Zemin

- ◆ President Jiang Zemin's position was strengthened following the 15th Party Congress with the "retirement" of some of his competitors -- especially Mr. Qiao Shi, Chairman of the Standing Committee of the National People's Congress (NPC). Premier Li Peng was also retained as number two within the party hierarchy with the likelihood of his taking over Qiao Shi's post as head of NPC in the spring. Zhu Rongji was elevated to the number three position in the party hierarchy and, thus, is the clear nominee to become the next Premier. Until the new government is formed, however, the reformers -- led by Zhu Rongji -- are likely to maintain a low profile in the Chinese tradition pending Li Peng's stepping down as Premier.
- ◆ The U.S. Government has cautioned President Jiang Zemin and members of his Chinese delegation that they can expect a large number of demonstrations during their U.S. visit. Perhaps the most visible rally will be held on October 29, the day President Jiang visits President Clinton. A pro-Tibet rally is scheduled at Lafayette Square on that day featuring movie star Richard Gere and others (including writer Betty Bao Lord, Beastie Boy Adam Yauch, activist Harry Wu, Congresswoman Nancy Pelosi (Democrat from California), and Kerry Kennedy Cuomo).
- ◆ The financial problems in Hong Kong are now drawing China into the regional crisis. We are monitoring the situation closely.
- ◆ **Biography.** We have enclosed President Jiang Zemin's official biography issued by the Xinhua News Agency. We also enclose a recent Time magazine (October 27, 1997) exclusive interview with President Jiang. Both write-ups will remind you of the "scholar statesman" you met in Beijing in September 1995. President Jiang Zemin is not only the leader of 1.2 billion Chinese, but also an enthusiastic admirer of books (science), poetry, and music (especially Mozart and Beethoven).

Attachments

EACCQ

Jiang Zemin

JIANG Zemin was re-elected general secretary of the Communist Party of China (CPC) at the First Plenary Session of the 15th CPC Central Committee in Beijing yesterday.

His re-election as head of the world's largest ruling party with 58 million members is viewed as a measure of the confidence he enjoys from the Chinese people.

Over the past eight years when Jiang served as the top Party leader, China has been in a period featuring "the most stable political situation, the strongest national strength, the most active diplomatic activities and the most remarkable improvement in people's lives," said a local analyst.

The overseas press commented the prestige of CPC's third generation leadership is the kind of prestige that could be expected from a country where the economy registered double-digit growth for more than a decade.

Jiang took over the post of Party general secretary in June 1989 when China faced great difficulties politically, economically and diplomatically.

In just two years, Jiang succeeded in bringing about big changes in the situation. The gross national product grew steadily at an average annual rate of 12.1 per cent, the fastest in the world.

Jiang was elected president of the People's Republic of China in March 1993 and continued to serve another term as chairman of the Central Military Commission. His status as the core of the leadership is attributable to his outstanding achievements, ability and a steady, down-to-earth style of work.

Born on August 17, 1926, to an intellectual family in Yangzhou, a culturally famous city in East China's Jiangsu Province, Jiang received his higher education at the prestigious Shanghai Jiaotong University. His major was electrical engineering.

Both his grandfather and father were noted local scholars.

During his college years, Jiang participated in the CPC-led students movements and joined the Communist Party of China in 1946.

After the founding of New China, Jiang served as associate engineer, deputy director of a factory and section head of an enterprise. In 1955, He went to the then Soviet Union and



worked in Stalin Automobile Works as a trainee for one year. After his return home, he served as deputy division head, deputy chief power engineer, director of a branch factory, and deputy director, director of factories and research institutes in Changchun, Shanghai and Wuhan.

In the ensuing years, Jiang served as deputy, then director of foreign affairs department of the No 1 Ministry of Machine-Building Industry. He speaks good English, Russian and Romanian, and knows some Japanese and French.

Before he became Shanghai mayor in 1985, Jiang served as minister of Electronics Industry.

His unique career experiences have enabled him to observe and solve problems from the perspectives of profound relations between China and the world.

Jiang was the first planner of Shenzhen, China's first special economic zone (SEZ). In 1979 when the late Chinese leader Deng Xiaoping proposed to build SEZs in China, Jiang was the first to settle concrete matters in Shenzhen on behalf of the central government. He was then serving as deputy director and concurrently secretary-general of the State Import and Export Administration and the State Foreign Investment Administration. Facing the wilderness, Jiang put forward guiding ideas that had a far-reaching effect on Shenzhen's construction in the following years. "All construction projects in the SEZ should be started from a long-term point of view and in line with international standards." The development of Shenzhen over the past 10 years and more has

testified to the correctness of his ideas.

Soon after Jiang became Shanghai mayor in 1985, he planned a series of key infrastructure projects using overseas capital. The city raised \$3.2 billion from the international capital market, of which \$1.4 billion went into key projects such as the city's subway, Nanpu Bridge, water pollution treatment, airport expansion and programme-controlled telephone exchanges. People are stunned by the profound changes that have taken place in Shanghai.

Jiang was elected a member of the 12th CPC Central Committee in September 1982. In November 1987, Jiang was elected a member of the Political Bureau at the First Plenary Session of the 13th CPC Central Committee. He was elected a member of the Standing Committee of the Political Bureau in June 1989 at the Fourth Plenary Session of the 13th Central Committee and general secretary of the CPC Central Committee. Five months later, he was elected chairman of the CPC Central Military Commission at the Fifth Plenary Session of the 13th Central Committee. At the Third Session of the Seventh National People's Congress, he was elected chairman of the Central Military Commission of the People's Republic of China (PRC). At the first Plenary Session of the 14th Central Committee, he was re-elected a member of its Central Committee, a member of the Political Bureau, a member of its Standing Committee and general secretary of CPC's Central Committee. At the Eighth National People's Congress in March 1993, he was elected president of the PRC and chairman of the Central Military Commission.

During the past eight years, what he always put high on his agenda were grain, cotton, edible oil and vegetable production and supply, all closely related to people's daily lives. "Any reform should benefit the majority of the people and it should be carried out within the capacity of the people to bear upon," he often said. Thanks to the implementation of these principles, the thorny reforms of the country's public finance, taxation, monetary and investment systems have been going smoothly without sharp fluctuations.

Over the past eight years, Jiang toured almost all provinces, autonomous regions and municipalities except Taiwan. What he is concerned with most

is the life of the people in poor and remote areas where ethnic groups live. He initiated the ambitious anti-poverty campaign in 1992, vowing to eradicate poverty before the end of the century. Thanks to the intensified efforts, China's population under the poverty line was reduced from 80 million to 58 million by 1996.

Jiang loves to make friends with intellectuals. He has many good friends in economic, scientific, art and press circles. Some friends called him a "scholar statesman." Early in 1987 when he was still Shanghai mayor, he initiated a bi-monthly seminar with scholars in the theoretical circle in Shanghai. Each time he would raise a hot or sensitive or difficult issue for the experts and scholars he invited to the discussion.

Jiang stresses national self-esteem, self-confidence, national dignity and cohesion of the Chinese nation. Jiang is highly accomplished in classic Chinese literature and often quotes ancient poems from memory. Jiang has a wide range of interests and plays piano and erhu, a two-string traditional Chinese musical instrument. In his spare time, he indulges in the music of Mozart and Beethoven. In his eyes, Chinese and Western cultures are "communicative."

Jiang loves reading and devotes most of his spare time to reading the latest science books. He also loves to read Mark Twain. People close to him said Jiang can recite the monologue of "To be or not to be" from "Hamlet" and "Ode to the West Wind" by Shelley. In his last official tour of Russia, his analysis of the literary masterpieces by Leo Tolstoy and other Russian authors surprised his Russian guides.

Wang Yeping, his wife, graduated from Shanghai Foreign Languages Institute and used to be head of an electrical engineering research institute in Shanghai. She is retired now. The couple have two sons. Jiang Mianheng, the eldest, obtained his doctoral degree in electronic engineering in the United States. After returning to Shanghai, he was appointed director of the Shanghai Metallurgical Research Institute. Their younger son, Jiang Miankang, studied in Germany after finishing Shanghai No 2 University of Engineering. Now he is a researcher of software at Shanghai Underground Pipeline Information System.

(Xinhua)

China at a glance

8/15/97

POVERTY and SOCIAL

	China	East Asia	Low-income
Population mid-1996 (<i>millions</i>)	1,211.3	1,726	3,229
GNP per capita 1996 (<i>US\$</i>)	750	890	500
GNP 1996 (<i>billions US\$</i>)	903.8	1,542	1,601

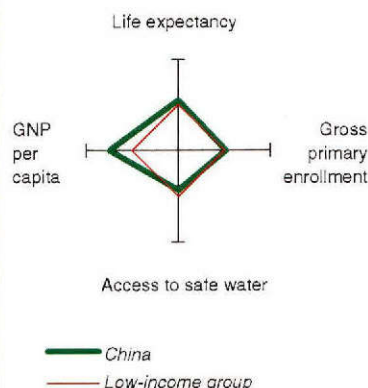
Average annual growth, 1990-96

Population (%)	1.1	1.3	1.7
Labor force (%)	1.1	1.3	1.7

Most recent estimate (latest year available since 1989)

Poverty: headcount index (% of population)	9	..	..
Urban population (% of total population)	30	31	29
Life expectancy at birth (years)	69	68	63
Infant mortality (per 1,000 live births)	34	40	69
Child malnutrition (% of children under 5)	17	..	..
Access to safe water (% of population)	46	49	53
Illiteracy (% of population age 15+)	19	17	34
Gross primary enrollment (% of school-age population)	109	117	105
Male	..	120	112
Female	..	116	98

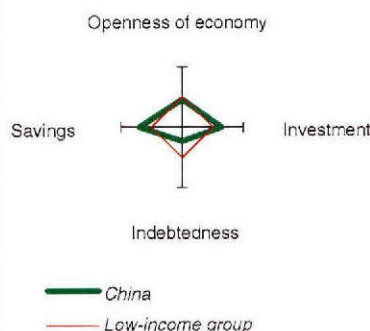
Development diamond*



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1995	1996
GDP (<i>billions US\$</i>)	160.3	378.1	755.9	914.2
Gross domestic investment/GDP	30.3	37.8	40.5	42.4
Exports of goods and services/GDP	5.2	9.9	21.0	18.5
Gross domestic savings/GDP	30.6	33.7	42.2	43.9
Gross national savings/GDP	30.6	34.0	40.6	42.8
Current account balance/GDP	-0.2	-3.9	0.2	0.5
Interest payments/GDP	..	0.2	0.9	0.5
Total debt/GDP	..	5.5	16.9	14.2
Total debt service/exports	..	8.3	9.4	6.7
Present value of debt/GDP	..	..	15.5	..
Present value of debt/exports	..	..	70.8	..

Economic ratios*

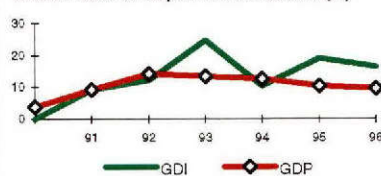


	1975-85	1986-96	1995	1996	1997-05
(average annual growth)					
GDP	8.3	9.9	10.5	9.7	8.5
GNP per capita	7.5	8.4	7.9	8.9	7.6
Exports of goods and services	17.2	13.1	9.6	7.4	8.6

STRUCTURE of the ECONOMY

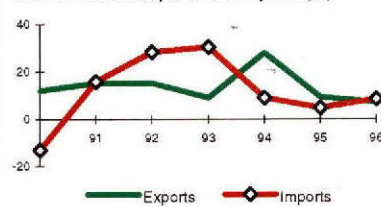
	1975	1985	1995	1996
(% of GDP)				
Agriculture	32.0	28.4	20.6	20.0
Industry	42.8	43.1	48.4	48.9
Manufacturing	31.6	35.4	37.6	38.9
Services	25.2	28.5	31.1	31.1
Private consumption	61.9	53.1	45.6	46.1
General government consumption	7.6	13.2	12.2	10.0
Imports of goods and services	5.0	14.0	19.3	17.0

Growth rates of output and investment (%)



	1975-85	1986-96	1995	1996
(average annual growth)				
Agriculture	5.4	4.3	5.0	5.1
Industry	10.4	13.4	14.1	12.7
Manufacturing	13.0	12.9	13.3	12.3
Services	9.8	9.4	7.9	7.8
Private consumption	8.2	8.2	6.3	3.3
General government consumption	9.0	8.7	..	11.4
Gross domestic investment	9.8	11.3	19.1	16.6
Imports of goods and services	22.1	9.5	5.0	8.6
Gross national product	9.0	9.9	9.0	9.9

Growth rates of exports and imports (%)

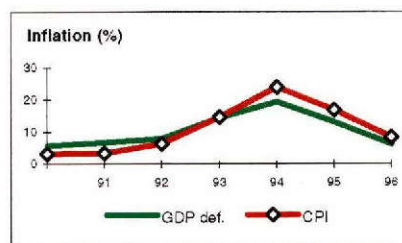


Note: 1996 data are preliminary estimates. Figures in *italics* are for years other than those specified.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

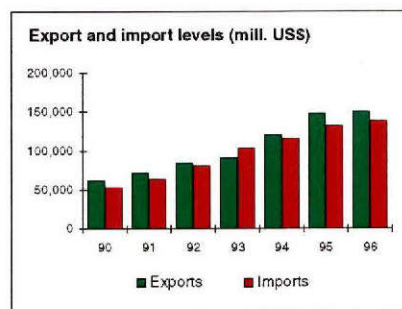
PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
Domestic prices				
(% change)				
Consumer prices	..	9.3	16.9	8.3
Implicit GDP deflator	-0.9	10.1	13.1	6.1
Government finance				
(% of GDP)				
Current revenue	..	25.5	11.4	11.5
Current budget balance	..	6.7	-1.4	0.5
Overall surplus/deficit	..	-0.5	-1.7	-1.6



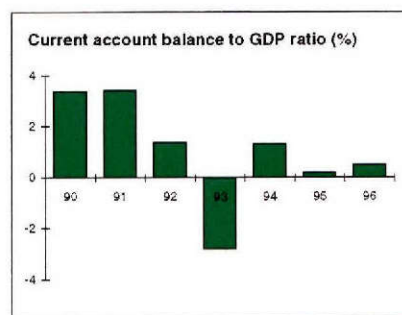
TRADE

	1975	1985	1995	1996
(millions US\$)				
Total exports (tot)	..	27,350	148,770	151,073
Food	..	3,803	9,954	10,232
Fuel	..	7,132	5,335	5,929
Manufactures	..	13,522	127,283	129,141
Total imports (cit)	..	42,252	132,078	138,828
Food	..	1,881	9,126	7,866
Fuel and energy	..	172	5,127	6,877
Capital goods	..	18,694	57,481	63,901
Export price index (1987=100)	..	92	133	132
Import price index (1987=100)	..	78	132	131
Terms of trade (1987=100)	..	118	101	100



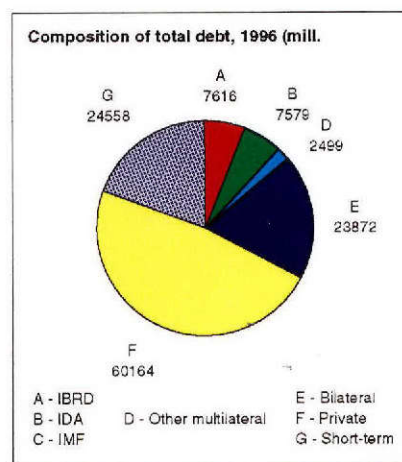
BALANCE of PAYMENTS

	1975	1985	1995	1996
(millions US\$)				
Exports of goods and services	7,828	28,163	147,240	153,740
Imports of goods and services	8,097	41,149	135,284	141,340
Resource balance	-269	-12,986	11,956	12,400
Net income	0	932	-11,774	-10,370
Net current transfers	0	171	810	1,580
Current account balance, before official capital transfers	-269	-11,883	992	3,610
Financing items (net)	..	9,443	21,477	28,030
Changes in net reserves	..	2,440	-22,469	-31,640
Memo:				
Reserves including gold (mill. US\$)	..	13,214	76,036	108,289
Conversion rate (local/US\$)	1.9	2.9	8.4	8.3



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
(millions US\$)				
Total debt outstanding and disbursed	..	16,696	118,090	126,288
IBRD	..	498	7,209	7,616
IDA	..	431	7,038	7,579
Total debt service	..	2,478	15,066	16,825
IBRD	..	26	810	840
IDA	..	4	63	73
Composition of net resource flows				
Official grants	..	117	329	..
Official creditors	..	1,117	7,202	7,193
Private creditors	..	2,867	5,683	1,873
Foreign direct investment	..	1,659	35,849	..
Portfolio equity	..	0	2,807	..
World Bank program				
Commitments	..	1,092	2,850	1,900
Disbursements	..	565	2,269	2,097
Principal repayments	..	0	364	364
Net flows	..	565	1,905	1,734
Interest payments	..	29	509	549
Net transfers	..	536	1,396	1,185



Development Economics. 1996 external debt and resource flows data are from DRS (preliminary).

8/15/97

Note: The dollar estimates for China's GNP per capita, GNP and GDP are preliminary figures based on an on-going World Bank study of China's GDP. They were calculated to facilitate inter-country comparisons. Official statistics are used as the basis for all other economic analysis contained in this document.

China - Selected Indicators of Bank Portfolio Performance and Management

Indicator	1995	1996	1997	1998
<i>Portfolio Performance</i>				
Number of Projects under implementation	107	109	111	100
Average implementation period (years) ^a	3.73	3.64	3.85	4.48
Percent of problem projects rated U or HU ^b (for past years, rated 3 or 4)				
Development Objectives ^c	1.87	1.83	7.21	7.00
Implementation Progress (or overall status for past years) ^d	3.74	3.67	11.71	12.00
Cancelled during FY in US\$m	159.51	43.59	14.70	0.00
Disbursement ratio (%) ^e	24.68	22.42	18.96	n.a.
Disbursement lag (%) ^f	10.49	10.98	17.14	n.a.
Memorandum item: % completed projects rated unsatisfactory by OED	2.63	3.92	3.92	3.92
<i>Portfolio Management</i>				
Supervision resources (total US\$ thousands)	3,756.00	4,581.37	6,164.07	432.03
Average Supervision (US\$ thousands/project)	35.10	42.03	55.53	4.32
Supervision resources by location (in %) ^g				
Percent headquarters	0.00	63.67	61.41	72.83
Percent resident mission	0.00	36.33	38.59	27.17
Supervision resources by rating category (US\$ thousands/project)				
Projects rated HS or S	33.36	40.85	54.98	3.33
Projects rated U or HU	80.03	73.11	89.51	11.39
Memorandum item: date of last/next CPPR				

- ^a Average age of projects in the Bank's country portfolio.
- ^b Rating scale: "HS" denotes "Highly Satisfactory", "S" denotes "Satisfactory", "U" denotes "Unsatisfactory", and "HU" denotes "Highly Unsatisfactory".
- ^c Extent to which the project will meet its development objective (see OD 13.05, Annex D2, *Preparation of Implementation Summary [Form 590]*).
- ^d Assessment of overall performance of the project based on the ratings given to individual aspects of project implementation (e.g., management, availability of funds, compliance with legal covenants) and to development objectives (see OD 13.05, Annex D2, *Preparation of Implementation Summary [Form 590]*). The overall status is not given a better rating than that given to project development objectives.
- ^e Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: investment projects only.
- ^f For all projects comprising the Bank's country portfolio, the percentage difference between actual cumulative disbursements and the cumulative disbursement estimates as given in the "Original SAR/PR Forecast" or, if the loan amounts have been modified, in the "Revised Forecast." The country portfolio disbursement lag is effectively the weighted average of disbursement lags for projects comprising the Bank's country portfolio, where the weights used are the respective project shares in the total cumulative disbursement estimates.
- ^g Supervision resources data, by location, is only available starting in fiscal year 1996.

Note:

Disbursement data is updated at the end of the first week of the month.

China - Bank Group Fact Sheet IBRD/IDA Lending Program

Category	Past		Current		Planned ^a		
	1995	1996	1997	1998	1999	2000	2001
Commitments (US\$m)	2999.5	2970.0	2815.0	2495.0	3700.0	1915.0	1050.0
Sector (%)^b							
Agriculture	7.0	16.8	40.1	20.0	22.4	20.9	0.0
Education	10.0	3.4	4.1	0.0	2.7	0.0	0.0
Electric Pwr & Engy.	22.3	28.3	28.4	22.0	8.1	32.1	0.0
Environment	3.7	5.1	0.0	5.8	21.6	0.0	14.3
Finance	0.0	0.0	0.0	14.6	10.0	10.4	19.0
Industry	5.8	5.7	0.0	0.0	0.0	0.0	0.0
Oil & Gas	0.0	0.0	0.0	2.6	0.0	0.0	0.0
Populn, Hlth & Nutn	3.9	3.4	0.0	3.4	1.4	0.0	0.0
Public Sector Mgmt.	2.0	0.0	0.0	0.0	0.0	0.0	0.0
Social Sector	8.3	1.0	0.0	0.0	0.0	0.0	0.0
Transportation	25.3	22.9	24.9	27.5	29.7	28.7	47.6
Urban Development	11.7	13.5	0.0	0.0	0.0	7.8	19.0
Water Supply & Santr	0.0	0.0	2.5	4.0	4.1	0.0	0.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lending instrument (%)							
Adjustment loans ^c	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Specific investment loans and others	100.0	100.0	100.0	100.0	100.0	100.0	100.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Disbursements (US\$m)							
Adjustment loans ^c	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Specific investment loans and others	2214.2	2219.0	2128.2	-2389.5	2036.7	1484.8	744.4
Repayments (US\$m)	353.4	364.5	366.4	39.1	0.0	0.0	0.0
Interest (US\$m)	459.4	533.7	555.7	64.8	0.0	0.0	0.0

^a Ranges that reflect the base-case (i.e., most likely) Scenario. for IDA countries, planned commitments are not presented by FY but as a three-year-total range; the figures are shown in brackets. A footnote indicates if the pattern of IDA lending has unusual characteristics (e.g., a high degree of frontloading, backloading, or lumpiness). For blend countries, planned IBRD and IDA commitments are presented for each year as a combined total.

^b For future lending, rounded to the nearest 0 or 5%. To convey the thrust of country strategy more clearly, staff may aggregate sectors.

^c Structural adjustment loans, sector adjustment loans, and debt service reduction loans.

Note:

Disbursement data is updated at the end of the first week of the month.

China - IFC and MIGA Program

Category	Past			
	1995	1996	1997	1998
IFC approvals (US\$m) ^a	104.12	188.59	133.60	237.52
Sector (%)				
Cement & Construction	0.00	23.00	10.00	16.80
Chemicals & Petrochemicals	16.00	0.00	6.00	6.30
Financial Services	10.00	0.00	7.00	38.10
Food & Agro-Business	10.00	20.00	25.00	10.10
Infrastructure	0.00	10.00	0.00	8.60
Manufacturing	0.00	0.00	22.00	20.10
Motor Vehicles & Parts	31.00	30.00	15.00	0.00
Oil Refining	0.00	17.00	0.00	0.00
Textiles	34.00	0.00	0.00	0.00
Timber, Pulp & Paper	0.00	0.00	14.00	0.00
TOTAL	100.00	100.00	100.00	100.00
Investment instrument (%)				
Loans	69.00	91.00	94.00	68.30
Equity	21.00	5.00	6.00	31.70
Quasi-Equity ^b	0.00	2.00	0.00	0.00
Other	10.00	2.00	0.00	0.00
TOTAL	100.00	100.00	100.00	100.00
MIGA guarantees outstanding (US\$m)	79.48	112.34	98.78	0.00
MIGA commitments outstanding (US\$m)	10.00	0.00	0.00	0.00

^aExcludes AEF projects.

^bIncludes quasi-equity types of both loan and equity instruments.

China - Summary of Economic and Sector Work
(US\$ Thousands)

<i>Category</i>	Actual		Planned	
	1997	1998	1999	2000
Agriculture	337.1	6.7	0.0	0.0
Education	5.9	1.7	0.0	0.0
Electric Pwr & Engy.	108.2	0.0	0.0	0.0
Environment	7.5	0.0	0.0	0.0
Finance	196.9	4.2	0.0	0.0
Industry	1.9	.4	0.0	0.0
Multisector	620.8	10.9	0.0	0.0
Oil & Gas	29.3	0.0	0.0	0.0
Populn, Hlth & Nutn	6.2	.4	0.0	0.0
Public Sector Mgmt.	231.8	0.0	0.0	0.0
Social Sector	4.2	0.0	0.0	0.0
Transportation	204.3	1.1	0.0	0.0
Unidentified	730.4	30.2	0.0	0.0
Urban Development	37.9	.4	0.0	0.0
TOTAL	2522.4	56.0	0.0	0.0

Status of Bank Group Operations in China IBRD Loans and IDA Credits in the Operations Portfolio

Project ID	Loan or Credit No.	Fiscal Year	Borrower	Purpose	Original Amount in US\$ Millions				Difference Between expected and actual disbursements a/	Last ARPP	
					IBRD	IDA	Cancellations	Undisbursed		Supervision Rating b/ Development Objectives	Implementation Progress
Active Loans											
CN-PE-3472	L2968S	1988	PRC	RAILWAY IV	171.30	0.00	0.00	2.04	-169.26	S	S
CN-PE-3474	C18850	1988	PRC	NORTHERN IRRIGATION	0.00	65.98	0.00	.69	39.11	HS	HS
CN-PE-3483	C20090	1989	P.R.C.	REG.HEALTH SERVICES	0.00	52.00	0.00	.08	-3.61	S	S
CN-PE-3558	C21590	1990	PRC	HEBEI AGRIC. DEVT.	0.00	150.00	.12	2.59	-12.14	S	S
CN-PE-3582	L3337T	1991	PRC	IRRIG. AGRIC. INTENS	45.05	0.00	0.00	2.37	-42.68	HS	HS
CN-PE-3560	C22420	1991	PRC	HENAN AGRIC. DEVT.	0.00	110.00	0.00	7.28	-3.66	S	S
CN-PE-3529	L32740	1991	GOVT. OF CHINA	RURAL IND'L TECHNOLO	50.00	0.00	0.00	.24	.24	S	S
CN-PE-3478	C22100	1991	PRC	KEY STUDIES DEVELOPM	0.00	131.20	0.00	2.27	.64	S	S
CN-PE-3529	C21860	1991	GOVT. OF CHINA	RURAL IND'L TECHNOLO	0.00	64.30	0.00	1.20	1.33	S	S
CN-PE-3505	L3433S	1992	PRC	YANSHI THERMAL	176.72	0.00	0.00	1.15	-175.57	S	S
CN-PE-3534	L3471A	1992	PRC	ZHEJIANG PROV TRANSP	70.13	0.00	0.00	70.13	0.00	S	HS
CN-PE-3577	L34430	1992	PRC	CEMENT	82.70	0.00	0.00	.28	.28	S	S
CN-PE-3492	L34120	1992	GOC	DAGUANGBA-HAINAN	30.00	0.00	0.00	4.02	4.02	U	U
CN-PE-3568	C23870	1992	R.O.C.	TIANJIN URB DEV & EN	0.00	100.00	0.00	35.61	23.33	HS	S
CN-PE-3624	C23170	1992	MIN. OF PUBL.HEALTH	INFECTIOUS DISEASES	0.00	129.60	0.00	62.19	45.65	S	S
CN-PE-3587	C23360	1992	PRC	RURAL WAT SUPP & SAN	0.00	110.00	0.00	9.36	4.35	S	S
CN-PE-3564	C23120	1992	BEIJING MUNICIPALITY	BEIJING ENVIRONMENT	0.00	80.00	0.00	4.73	-.55	S	S
CN-PE-3492	C23050	1992	GOC	DAGUANGBA-HAINAN	0.00	37.00	0.00	.56	-1.73	U	U
CN-PE-3556	C22940	1992	PRC	TARIM BASIN IRRIGATI	0.00	125.00	0.00	.04	-10.88	S	S
CN-PE-3555	C23070	1992	PRC	GUANGDONG AG. DEVT.	0.00	162.00	0.00	37.53	20.51	S	S
CN-PE-3565	C22960	1992		SHANGHAI METRO TRANS	0.00	60.00	0.00	3.78	.69	S	S
CN-PE-3503	L3462A	1992		ZOUXIAN THERMAL POWE	26.78	0.00	0.00	26.34	-.43	S	S
CN-PE-3544	C23390	1992	PEOPLE'S REPUBLIC OF CHIN	EDUC DEV IN POOR PRO	0.00	130.00	0.00	7.29	-8.94	S	S
CN-PE-3486	L3406A	1992		RAILWAYS V	33.73	0.00	0.00	30.05	-3.68	S	S
CN-PE-3627	L3624A	1993	PRC	GRAIN DISTRIBUTION P	325.00	0.00	0.00	325.00	0.00	U	U
CN-PE-3580	L35820	1993	PRC	SO.JIANGSU ENVIRON.	250.00	0.00	0.00	42.91	7.81	S	S
CN-PE-3533	L3572A	1993		TIANJIN IND. II	82.68	0.00	0.00	78.36	50.64	S	S
CN-PE-3512	L35520	1993	GOVT OF PEOPLES REP. OF C	SHANGHAI PORT REST.	150.00	0.00	25.74	7.14	-10.95	S	S
CN-PE-3518	L35300	1993	PRC	GUANGDONG PROV. TRAN	240.00	0.00	0.00	33.05	20.28	S	S
CN-PE-3632	C25220	1993	ROC	ENVIRONMENT TECH ASS	0.00	50.00	0.00	19.08	17.47	S	S
CN-PE-3559	C24620	1993	PRC	AGRIC. SUPPORT SERVI	0.00	115.00	0.00	16.96	-16.66	S	S
CN-PE-3473	C24750	1993	P.R.C.	ZHEJIANG MULTICITIES	0.00	110.00	0.00	60.20	50.87	U	U
CN-PE-3597	C24630	1993	PRC	TAIHU BASIN FLOOD CO	0.00	100.00	0.00	5.00	.74	S	S
CN-PE-3509	C24570	1993	PRC	CHANGCHUN WAT SUPP &	0.00	120.00	0.00	59.27	44.37	S	U
CN-PE-3623	C24230	1993	PRC	FINANCIAL SECTOR T.A	0.00	60.00	0.00	37.43	12.10	S	S
CN-PE-3616	L3606A	1993	PRC	TIANHUANGPING HYDRO	196.60	0.00	0.00	135.92	97.11	S	HS
CN-PE-3592	C24470	1993	PRC	REF. INST'L.& PREINV	0.00	50.00	0.00	25.89	23.97	HS	S
CN-PE-3570	L35810	1993	PRC	RAILWAY VI	420.00	0.00	0.00	173.97	97.30	S	S
CN-PE-3561	C24110	1993	PRC	SICHUAN ADP	0.00	147.00	0.00	34.01	13.57	S	S
CN-PE-3597	L3560A	1993	PRC	TAIHU BASIN FLOOD CO	88.65	0.00	0.00	76.30	-12.35	S	S
CN-PE-3526	L3515A	1993	GOC	SHUIKOU II	43.86	0.00	0.00	38.47	-5.39	HS	HS
CN-PE-3567	C24710	1993	PRC	EFFECTIVE TEACHING S	0.00	100.00	0.00	51.41	46.90	S	S
CN-PE-3581	L35310	1993	PRC	HENAN PROV. TRANSPOR	120.00	0.00	0.00	19.88	14.55	S	S
CN-PE-3627	C25180	1993	PRC	GRAIN DISTRIBUTION P	0.00	165.00	0.00	94.36	95.00	U	U
CN-PE-3504	L37480	1994	PRC	HEBEI/HENAN NATIONAL	380.00	0.00	0.00	170.47	19.14	S	S
CN-PE-3641	L3718A	1994	PRC	YANGZHOU THERMAL POW	248.16	0.00	0.00	149.17	51.62	S	S
CN-PE-3586	L37110	1994	PRC	SHANGHAI ENVIRONMENT	160.00	0.00	0.00	98.17	62.59	S	S
CN-PE-3626	L3681A	1994	GOC	FUJIAN PROV HIGHWAY	80.33	0.00	0.00	80.33	0.00	S	S

Project ID	Loan or Credit No.	Fiscal Year	Borrower	Purpose	Original Amount in US\$ Millions				Difference Between expected and actual disbursements a/	Last ARPP Supervision Rating b/	
					IBRD	IDA	Cancellations	Undisbursed		Development Objectives	Implementation Progress
CN-PE-3557	C26230	1994	PRC	FOREST RESOURCE DEV	0.00	200.00	0.00	126.10	43.62	S	S
CN-PE-3644	C26050	1994	PRC	XIAOLANGDI RESETTLEM	0.00	110.00	0.00	53.62	-1.82	S	S
CN-PE-3595	C25630	1994	PRC	RED SOILS II DEVELOP	0.00	150.00	0.00	41.43	-13.58	S	S
CN-PE-3540	C26160	1994	PRC	LOESS PLATEAU	0.00	150.00	0.00	61.36	-30.34	HS	HS
CN-PE-3562	L37270	1994	PRC	XIAOLANGDI MULTIPURP	460.00	0.00	0.00	90.86	40.03	HS	S
CN-PE-3609	L3716A	1994	GOC	SICHUAN GAS DEV & CO	175.45	0.00	0.00	175.45	0.00	S	S
CN-PE-3622	L36520	1994	SHANGHAI MUNICIPAL GOVT	SHANGHAI MTP II	150.00	0.00	0.00	10.39	10.31	S	S
CN-PE-3633	L3687A	1994	GOVERNMENT OF PRC	TELECOMMUNICATIONS	132.76	0.00	0.00	131.92	-0.84	HS	HS
CN-PE-3593	C25710	1994	PRC	SONGLIAO PLAIN ADP	0.00	205.00	0.00	82.07	-13.07	S	S
CN-PE-3502	C25390	1994	MOH	RUR HEALTH MANPOWER	0.00	110.00	0.00	52.38	22.99	S	U
CN-PE-37156	L3914A	1995	PRC	IODINE DEF. DISORDER	7.00	0.00	0.00	7.00	1.12	S	S
CN-PE-3639	L39066	1995	PRC	SOUTHWEST POV. REDUC	47.50	0.00	0.00	40.63	-6.87	HS	S
CN-PE-3596	L3874A	1995	PRC	YANGTZE BASIN WATER	97.26	0.00	0.00	97.26	0.00	S	U
CN-PE-36947	L3848A	1995	GOC	SICHUAN TRANSMISSION	270.00	0.00	0.00	253.70	151.10	U	U
CN-PE-3642	L3846B	1995		ZHEJIANG POWER DEVT	215.67	0.00	0.00	203.09	-12.59	S	HS
CN-PE-3585	L37880	1995	GOC	SHENYANG IND. REFORM	175.00	0.00	0.00	140.61	7.95	S	S
CN-PE-3598	L37810	1995		LIAONING ENVIRONMENT	110.00	0.00	0.00	81.79	33.14	U	U
CN-PE-37156	C27560	1995	PRC	IODINE DEF. DISORDER	0.00	20.00	0.00	13.22	15.79	S	S
CN-PE-36041	C27090	1995	MOF	FISCAL & TAX REF. &	0.00	25.00	0.00	18.17	19.94	S	U
CN-PE-3596	C27100	1995	PRC	YANGTZE BASIN WATER	0.00	110.00	0.00	10.00	-20.20	S	U
CN-PE-3634	C26550	1995	PRC	MATERNAL CHLD HEALT	0.00	90.00	0.00	42.43	8.59	HS	HS
CN-PE-3636	C26510	1995	PRC	BASIC EDUC IN POOR &	0.00	100.00	0.00	37.34	-1.30	S	S
CN-PE-3612	L37870	1995	PRC	XINJIANG HIGHWAY I	150.00	0.00	0.00	101.37	37.04	S	S
CN-PE-3642	L3846A	1995		ZHEJIANG POWER DEVT	154.15	0.00	0.00	150.95	19.36	S	HS
CN-PE-36041	L38736	1995	MOF	FISCAL & TAX REF. &	25.00	0.00	0.00	25.00	2.50	S	U
CN-PE-3600	L3847A	1995	PRC	TECHNOLOGY DEVELOPME	194.99	0.00	0.00	191.74	20.37	S	S
CN-PE-3603	L3773A	1995	PRC	ENT. HOUSING SOC. SE	262.51	0.00	0.00	262.51	0.00	S	S
CN-PE-3571	L38976	1995	PRC	RAILWAYS VII	400.00	0.00	0.00	400.00	55.34	U	U
CN-PE-3493	L39106	1995	PRC	INLAND WATERWAYS	210.00	0.00	0.00	169.68	18.48	S	S
CN-PE-3639	C27440	1995	PRC	SOUTHWEST POV. REDUC	0.00	200.00	0.00	121.31	22.42	HS	S
CN-PE-3603	C26420	1995	PRC	ENT. HOUSING SOC. SE	0.00	75.00	0.00	15.68	14.27	S	S
CN-PE-3647	C26540	1995	PRC	ECONOMIC LAW REFORM	0.00	10.00	0.00	7.24	4.47	S	S
CN-PE-3599	L40550	1996	YUNNAN PROV. GOV.	YUNNAN ENVIRONMENT	125.00	0.00	0.00	125.00	0.00	S	S
CN-PE-3638	L40440	1996	PRC	SEEDS SECTOR COMMER.	80.00	0.00	0.00	80.00	0.00	S	S
CN-PE-40513	L40270	1996	PRC	2ND HENAN PROV HWY	210.00	0.00	0.00	210.00	23.00	S	S
CN-PE-3648	L39870	1996	SHANGHAI MUN. GOVT	SECOND SHANGHAI SEWE	250.00	0.00	0.00	238.21	42.84	S	S
CN-PE-3531	L39800	1996	GOC	HENAN (QINB.)THERMAL	440.00	0.00	0.00	440.00	37.42	S	S
CN-PE-3602	L39660	1996	PRC	HUBEI URBAN ENV. PRO	125.00	0.00	0.00	125.00	12.63	S	S
CN-PE-3507	L3933A	1996	GOC	ERTAN HYDRO II	177.68	0.00	0.00	83.60	34.46	HS	HS
CN-PE-3599	C28920	1996	YUNNAN PROV. GOV.	YUNNAN ENVIRONMENT	0.00	25.00	0.00	18.68	-4.00	S	S
CN-PE-3594	C28700	1996	PRC	GANSU HEXI CORRIDOR	0.00	90.00	0.00	75.21	5.68	S	S
CN-PE-36950	C28310	1996	PRC	BASIC ED. POOR III	0.00	100.00	0.00	68.04	-10.03	S	S
CN-PE-3602	C27990	1996	PRC	HUBEI URBAN ENV. PRO	0.00	25.00	0.00	16.91	18.79	S	S
CN-PE-3507	L3933B	1996	GOC	ERTAN HYDRO II	88.84	0.00	0.00	51.25	-30.49	HS	HS
CN-PE-3594	L40280	1996	PRC	GANSU HEXI CORRIDOR	60.00	0.00	0.00	60.00	0.00	S	S
CN-PE-3563	L40010	1996	PRC	ANIMAL FEED	150.00	0.00	0.00	150.00	21.53	S	HS
CN-PE-3649	C28340	1996	CHINA	SHANXI POVERTY ALLEV	0.00	100.00	0.00	74.65	-7.89	S	S
CN-PE-34618	L3967A	1996	PRC	LABOR MARKET DEV.	10.00	0.00	0.00	10.00	0.00	S	S
CN-PE-3589	C27940	1996	PRC	DISEASE PREVENTION	0.00	100.00	0.00	84.30	26.01	S	S
CN-PE-3652	L39860	1996	PRC	2ND SHANXI PROV HWY	210.00	0.00	0.00	200.00	36.67	S	S
CN-PE-34618	C28000	1996	PRC	LABOR MARKET DEV.	0.00	20.00	0.00	16.14	10.62	S	S
CN-PE-3646	L40450	1996	PRC	CHONGQING IND POL CT	170.00	0.00	0.00	170.00	29.33	S	U
CN-PE-3569	L39290	1996	P.R.C.	SHANGHAI-ZHEJIANG HI	260.00	0.00	7.75	170.96	2.04	S	S
CN-PE-3638	C28860	1996	PRC	SEEDS SECTOR COMMER.	0.00	20.00	0.00	12.98	8.95	S	S
CN-PE-34081	L42001	1997	PRC	XIAOLANGDI MULTI. II	200.00	0.00	0.00	188.81	0.00		
CN-PE-44485	L41970	1997		SHANGHAI WAIGAOQIAO	400.00	0.00	0.00	400.00	0.00		
CN-PE-3635	C28980	1997	PRC	VOC. ED. REFORM PROJ	0.00	20.00	0.00	18.76	3.33	S	S
CN-PE-36405	L41790	1997	PRC	WANJIAZHAI WATER TRA	400.00	0.00	0.00	400.00	0.00		
CN-PE-38988	L41610	1997	PRC	HEILONGJIANG ADP	120.00	0.00	0.00	120.00	0.00		
CN-PE-3643	L40990	1997	PRC	XINJIANG HIGHWAYS II	300.00	0.00	0.00	282.00	14.34	S	S
CN-PE-36952	C29540	1997	PRC	BASIC ED. IV	0.00	85.00	0.00	83.60	0.00		
CN-PE-3590	CN0280	1997	PRC	QINBA MTS. POVTY RED	0.00	150.00	0.00	147.49	0.00		

Project ID	Loan or Credit No.	Fiscal Year	Borrower	Purpose	Original Amount in US\$ Millions				Difference Between expected and actual disbursements a/	Last ARPP Supervision Rating b/	
					IBRD	IDA	Cancellations	Undisbursed		Development Objectives	Implementation Progress
CN-PE-3650	L41720	1997	GOC	TUOKETUO POWER/INNER	400.00	0.00	0.00	400.00	2.29		
CN-PE-3635	L4063A	1997	PRC	VOC. ED. REFORM PROJ	10.00	0.00	0.00	10.00	0.00	S	S
CN-PE-3654	L41240	1997	PRC	HUNAN/GUANG HWY2-NH2	400.00	0.00	0.00	400.00	23.34	S	S
CN-PE-3590	L41870	1997	PRC	QINBA MTS. POVTY RED	30.00	0.00	0.00	30.00	0.00		
CN-PE-34081	L42000	1997	PRC	XIAOLANGDI MULTI. II	230.00	0.00	0.00	230.00	0.00		
CN-PE-3637	CN0270	1997	PRC	NATL RUR WATER III	0.00	70.00	0.00	69.87	.51		
Total					11,555.51	4,884.08	33.61	10,622.31	1,104.73		

	Active Loans	Closed Loans	Total
Total Disbursed (IBRD and IDA):	5,798.67	9,238.17	15,036.84
of which has been repaid:	7.76	1,890.75	1,898.51
Total now held by IBRD and IDA:	16,398.21	7,057.46	23,455.67
Amount sold :	0.00	0.00	0.00
Of which repaid :	0.00	0.00	0.00
Total Undisbursed :	10,622.31	40.01	10,662.32

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

b. Rating of 1-4: see OD 13.05. Annex D2. Preparation of Implementation Summary (Form 590). Following the FY94 Annual Review of Portfolio performance (ARPP), a letter based system will be used (HS = highly Satisfactory, S = satisfactory, U = unsatisfactory, HU = highly unsatisfactory): see proposed Improvements in Project and Portfolio Performance Rating Methodology (SecM94-901), August 23, 1994.

Note:

Disbursement data is updated at the end of the first week of the month.

China
STATEMENT OF IFC's
Committed and Disbursed Portfolio
As of 31-Jul-97
(In US Dollar Millions)

FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1985/92	Guangzhou Auto	1.88	4.55	0.00	0.00	1.88	4.55	0.00	0.00
1987/92/94	China Bicycles	8.50	3.39	0.00	0.00	8.50	3.39	0.00	0.00
1988	Crown Elec	1.33	0.00	0.00	0.00	1.33	0.00	0.00	0.00
1993	Shenzhen PCCP	3.76	.99	0.00	0.00	3.76	.99	0.00	0.00
1993	Yantai Cement	16.64	1.95	0.00	8.89	16.64	1.95	0.00	8.89
1994	China Walden JV	0.00	6.75	0.00	0.00	0.00	3.04	0.00	0.00
1994	China Walden Mgt	0.00	.01	0.00	0.00	0.00	.01	0.00	0.00
1994	Dalian Glass	20.50	2.40	0.00	37.45	20.50	2.40	0.00	37.45
1994	Dynamic Fund	0.00	12.35	0.00	0.00	0.00	9.46	0.00	0.00
1994	Plant. Timber	10.00	1.00	0.00	20.00	10.00	1.00	0.00	20.00
1995	Dupont Suzhou	24.92	4.15	0.00	52.00	11.34	4.15	0.00	23.66
1995	Nantong Wanfu	5.96	2.55	0.00	0.00	0.00	0.00	0.00	0.00
1995	Newbridge Inv.	0.00	10.00	0.00	0.00	0.00	6.60	0.00	0.00
1995	Suzhou PVC	22.00	2.48	0.00	22.20	0.00	2.48	0.00	0.00
1996	Beijing Hormel	5.00	.50	0.00	5.50	2.86	.50	0.00	3.14
1996	Fairyoung Ports	0.00	4.98	0.00	0.00	0.00	4.98	0.00	0.00
1996	Jingyang	40.00	0.00	0.00	100.00	30.00	0.00	0.00	75.00
1996	Nanjing Kumho	16.00	3.81	0.00	45.50	13.63	3.81	0.00	38.75
1996	Tianjin Kumho	11.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1996	Weihai Weidongri	4.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1997	Orient Finance	10.00	0.00	0.00	20.00	3.33	0.00	0.00	6.67
Total Portfolio:		202.24	61.86	0.00	311.54	123.77	49.31	0.00	213.56
Approvals Pending Commitment									
		<u>Loan</u>	<u>Equity</u>	<u>Quasi</u>	<u>Partic</u>				
1996	CALTEX OCEAN	31.33	0.00	0.00	66.00				
1997	CHINEFARGE	12.80	0.00	0.00	20.00				
1997	DERKWEI	0.00	5.00	0.00	0.00				
	OVERSEAS								
1997	DERKWEI	13.00	0.00	0.00	38.00				
	SHANGHAI								
1997	DERKWEI	12.00	0.00	0.00	33.00				
	SHENZHEN								
1997	LIAOCHENG JIAMIN	18.00	0.00	0.00	18.00				
1996	NANJING HUINING	4.00	0.00	0.00	0.00				
1997	NINGBO	0.00	2.00	0.00	0.00				
1997	NISSAN/DONGFENG	20.20	0.00	0.00	27.00				
1997	PTP HOLDINGS	0.00	1.50	0.00	0.00				
1997	PTP HUBEI	13.00	0.00	0.00	25.00				
1997	PTP LESHAN	4.20	0.00	0.00	0.00				
1996	SHANDONG SAND	17.00	0.00	0.00	25.00				
1997	SMC	14.00	0.00	0.00	14.00				

FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1997	SUZHOU PVC ADD.	7.90	0.00	0.00	6.40				
1996	TIANJIN	9.10	0.00	0.00	9.10				
1996	XIAMEN XIAN	10.00	0.00	0.00	0.00				
Total Pending Commitment:		186.53	8.50	0.00	281.50				

By ANTHONY SPAETH

WHEN THE LEADER OF THE world's most populous country speaks, people listen—though it isn't always easy. Jiang Zemin, President of China, gives speeches loaded with fusty rhetoric, like “the primary stage of socialism” and “We will strive unswervingly to resolutely uphold Deng Xiaoping thought.” His slicked-back hair, enormous spectacles and cryogenically fixed smile smack of the old-fashioned apparatchik. So wooden a leader is often in danger of being upstaged by his own podium.

Appearances can be misleading. When Senator Dianne Feinstein was mayor of San Francisco, she gave a dinner at her home for Jiang, then mayor of sister city Shanghai. The future President of China crooned *When We Were Young*, danced through the night, and later jokingly informed an American visitor that he had “left his heart” in that city by the Bay. When Richard Nixon visited Beijing in 1989, Jiang interrupted their meeting to leap to his feet and recite Lincoln's Gettysburg Address, in English and from memory. (Nixon felt compelled to get out of his chair and declaim along.) In the Philippines last year at a soirée on the presidential yacht, Jiang danced the cha-cha and sang a duet of *Love Me Tender* with President Fidel Ramos. When Jiang finally met President Clinton, Ramos advised, “Surprise him with the song.”

It certainly would surprise Americans to learn that China's boss, who arrives for his summit with Clinton next week, has a human face. Jiang's visit is raising hopes of a reconciliation between the two geopolitical giants that will end eight years of official frostiness precipitated by China's 1989 bloody crackdown on pro-democracy demonstrators in Tiananmen Square. Jiang certainly expects that. In his exclusive interview with *TIME*, he declared, “At present, Sino-American relations have a favorable opportunity for further improvement.”

That will depend in some measure on tangible progress on a range of issues from human rights to nuclear proliferation and trade. But much will hinge on Jiang himself and on what he says and does on a trip that will take him to Honolulu, Williamsburg, Va., Washington, Philadelphia, New York City, Boston and Los Angeles. While the American public regards him—if they regard him at all—as a cipher, until recently he was dismissed by some U.S. officials as a lightweight incapable of surviving the hardball intrigues at the top level of Chi-

nese politics. But since the death of his mentor, Deng Xiaoping, in February, Jiang's reputation has been completely rewritten. He is now acknowledged as the man to deal with in China for the foreseeable future, a President firmly in control and committed to making a difference.

So it's time for Americans to get better acquainted with the ruler of the world's incipient other superpower. In fact, the two sides of Jiang go a long way toward explaining a remarkable career.

Jiang's main break, of course, was be-

ing chosen by Deng as his successor in 1989. It didn't hurt that Deng lived on for eight years as Jiang's protector or that he eventually grew too feeble to dump his protégé—the fate of two previous heirs apparent. But there's also a sense in China that the relatively nonideological, technocratic Jiang may be the right leader for a China bursting with political, social and economic tensions, that what China needs now is an adroit, adaptable pol rather than a towering titan.

Born into an intellectual family in



MEET JIANG Z

Americans are suspicious of China's President, but he hopes his visit he

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FACE OF CHINA The late Deng Xiaoping took America by storm when he donned a Texas ten-gallon in 1979. Can Jiang do the same?

once had to escape the Nationalist forces of Chiang Kai-shek by hiding in the trunk of his university president's car.

Compared with predecessors Mao and Deng, he enjoyed an easy revolution, and he had a far more worldly upbringing. "I wouldn't describe him as a closet Western-culture buff," says Kenneth Lieberthal, a China scholar at the University of Michigan, "but he has a more appreciative attitude than many Chinese." He once told an American visitor that he regretted not earning a Ph.D. from the Massachusetts Institute of Technology, but one of his sons did get his from Philadelphia's Drexel University and worked for Hewlett-Packard in California before returning to China.

For decades, Jiang worked in the boiler room of the new China, running soap and candy factories. He spent a year in Moscow learning the wonders of Soviet auto production. He made it to Beijing in 1976 as the administrator of the First Ministry of Machine-Building Industry. It was an unimpressive-sounding title, but it was his first shot, at the age of 50, at the higher ranks of Chinese politics. He was part of the team charged with transforming Shenzhen, a sleepy village across the border from Hong Kong, into one of Deng's first boomtowns, and he eventually rose to Minister of Electronics Industry.

The engineer from Shanghai still had much to learn about life at the top. A friend and former colleague recalls an incident in which Jiang was asked for a special favor by one of the Old Guard generation of revolutionary heroes who wielded enormous power. Jiang refused, saying it would bend the rules. He suffered for that in 1984, when the Old Guard refused to support his candidacy for the vice-premiership. By the time he was appointed mayor of Shanghai, in 1985, he had learned his lesson. "He spent a lot of time and effort pleasing the Old Guard who would visit Shanghai during the winter," says the colleague. "He realized that abiding strictly by party principles wouldn't do."

The 1989 Tiananmen episode, one of China's most divisive modern tragedies, was the turning point in Jiang's career.

Three weeks after the protests were quelled with violence and bloodshed, Deng named Jiang the new General Secretary of the Communist Party. The choice was a surprise. Jiang's record in Shanghai was solid, if unspectacular, but in the prism of Chinese politics he had other things going for him. He was now a favorite of the Old Guard. During the early days of the Tiananmen protests, he had sacked the editor of a daringly liberal, independent newspaper in Shanghai called the *World Economic Herald*, an act that proved his toughness to Beijing. His main rival for the job was Premier Li Peng, who had ordered the martial law that preceded the Tiananmen killings and been widely reviled for it.

There was an additional factor in the mayor's rise. The leadership in Beijing was bitterly divided over whether Deng's economic reforms should continue, and a strong faction was already slowing them down. Jiang had a usefully malleable view: he was called "the Weathervane" for astute shifts in stance that made him acceptable to both sides.

In 1993 he was named China's President. But his perch at the top was extremely tenuous, almost entirely dependent on Deng's support. For that reason, Jiang was as reticent and correct as possible in his first years in power. When CNN interviewed the new President in 1993, he wanted to read all his answers from a TelePrompTer. On those occasions when he allowed himself a little spontaneity, it tended to backfire. In a 1990 interview with Barbara Walters, he described the Tiananmen killings as "much ado about nothing," prompting outrage in the West. "He is a lightweight," decided a Clinton Administration official in 1995. "Buffoon would be too strong a word."

In retrospect, it's clear those were major misjudgments. Throughout this low-profile period, Jiang was cleverly shoring up his position in Beijing. He cultivated the military, one of China's most significant power centers, and slowly gained control of its upper ranks. When Beijing and Washington found themselves staring missile to battleship in the Taiwan Straits in mid-1995, in the most unequivocal U.S. show of support for Taiwan in recent memory, Jiang realized

"Jiang is enormously smart and capable, but his persona is intentionally disarming."

ZEMIN

his visit here will make us like him

Yangzhou in China's eastern Jiangsu province, Jiang was adopted at an early age by his uncle, a veteran revolutionary, who was killed fighting for the communists in the civil war. Teachers described the boy as an "illustrious student," and he attended a provincial university before switching to engineering studies at Shanghai's Jiaotong University. In what was then China's naughtiest and most revolutionary-minded city, he discovered Benny Goodman and English films as well as communist politics. He joined the party at the age of 19, and

that the confrontation was perilous, and though he technically approved the missile launches, he was able to lay public blame on hard-line generals for a serious overreaction. Jiang launched a forceful anticorruption drive, pleasing a populace that bitterly resented the cheating. Perhaps not coincidentally, one of the campaign's first victims was Beijing Party Secretary Chen Xitong, who had amassed a fortune under questionable circumstances—and whose clout Jiang was eager to neutralize.

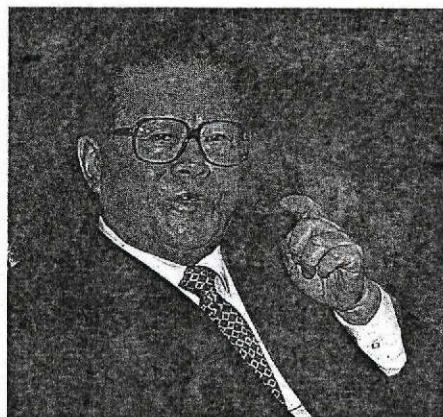
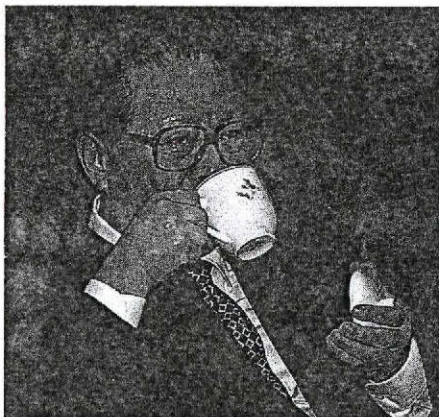
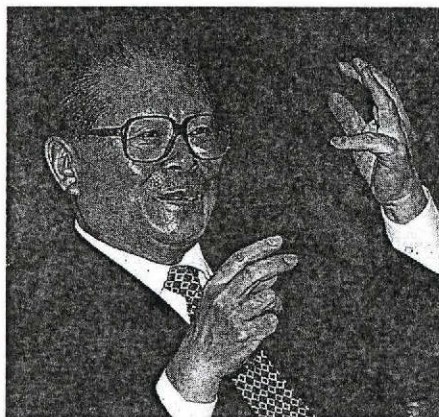
Last month, at the 15th Communist Party Congress, Jiang unveiled his boldest maneuver yet. The President proposed a radical privatization of many of the country's deficit-ridden state-owned enterprises, his first attempt at visionary change and one that runs a high risk of widespread social unrest. At the end of the Party Congress, Jiang announced the election of a new Politburo, China's top policymaking body, and that China's armed forces would be shrunk by 500,000 men.

THAT REMARKABLE PERFORMANCE forced a worldwide re-evaluation. Advises Arnold Kantor, a former U.S. diplomat now at the Forum for International Policy in Washington: "One shouldn't be fooled. Jiang is enormously smart and capable, but his persona is unpretentious and folksy, almost intentionally disarming." Such revisionism has prompted people to recall earlier moments when Jiang showed his bite. At a meeting in Beijing with a prominent American, he praised the distinguished visitor in English for an inspired analysis of China's needs. Then in an aside in Chinese, he muttered, "This guy doesn't know a thing about China."

No one is sure how Jiang will comport himself in the U.S. In a meeting with Treasury Secretary Robert Rubin last month in Beijing, he displayed much confidence and little arrogance, giving the impression that he has no desire to act as if the U.S. is an enemy. Yet Jiang has to watch his back: hard-line Premier Li Peng still has influence and supporters whom Jiang has to placate. But he has clearly proved himself a capable wheeler-dealer with one great advantage in China. "He is an opportunist," says a Chinese political scientist in Beijing, "because he is bereft of any ideological belief and ready to embrace any ideas that suit him." That talent will undoubtedly come in handy as the very new face of communist China visits the headquarters of the capitalist West for the first time. —Reported by Sandra Burton/Hong Kong, Dean Fischer/Washington, Jaime A. FlorCruz and Mia Turner/Beijing and Nelly Sindayen/Manila

U.S. AND CHINA: UPS AND DOWNS

In an exclusive interview with *TIME*'s editors, Jiang lays out his course for good relations with the U.S.



TIME: What will China be like in 10 years? Will there be more democracy?

Jiang: Since 1979 we have been trying to ensure that political restructuring and economic restructuring complement each other. Simply put, what we have to do is promote democracy and improve our legal system. Within the structure provided by the Chinese constitution, we will work to develop our democracy further and to strengthen supervision. Our purpose is to run our country according to law.

TIME: Americans care a lot about human rights. Can you explain why it is so difficult to release political dissidents like Wei

Jingsheng and Wang Dan? How serious a threat are they to your government?

Jiang: I believe the most important, the most fundamental human right is how to ensure that the 1.2 billion Chinese people have adequate food and clothing. The rights and freedoms that our people enjoy today are unprecedented. Our consistent policy is to protect human rights according to law. Human rights and the system for the protection of human rights in China are advancing. These are the facts for everyone to see.

As for the two persons you just referred to, I don't believe they pose much of a threat to China's security and stability. They were brought to justice not because

LIU HONG SHING FOR TIME (4)

they are so-called political dissidents but because they violated China's criminal law. Decisions on when prisoners in China's jails are released are matters for the judicial department to settle according to the law.

TIME: *Should you make some gesture on human rights, which would smooth discussions across the whole breadth of U.S.-China issues?*

Jiang: I would like to know what you refer to specifically as a gesture. We have made it clear that we respect human rights. I studied world history and your War of Independence. I read Lincoln's Gettysburg Address about your Civil War. It was the sacred mission of the U.S. to liberate slaves in your country. In Tibet, after the Dalai Lama left the country [in 1950], we have fundamentally resolved the problem of slavery there. I believe the American people should be happy to see that.

TIME: *Is there anything you can do to help resolve your political differences with Taiwan?*

Jiang: As a first step, the two sides of the Taiwan Strait can hold negotiations and reach agreement officially ending their state of hostility, in accordance with the principle that there is only one China. We hope the Taiwan authorities will respond to our proposals seriously and enter into political talks at an early date. Under the one-China premise, anything can be discussed.

TIME: *What are your expectations for your trip to the U.S.?*

Jiang: The China-U.S. relationship over the past few years can be characterized like the weather: it has its ups and downs. I think that, on the whole, relations are moving forward. But it is no easy task for the people of our two countries to really understand each other. If, through face-to-face meetings, our nations can deepen understanding, that will be a very important achievement.

At present, Sino-American relations have a favorable opportunity for further improvement. Whether we can build a sound and stable relationship in the 21st century bears on the world's peace, stability and prosperity. Our two countries share that common responsibility.

TIME: *But how do you see the U.S.? What's good about it, what's bad?*

Jiang: The U.S. is not a country in decline, and I do not think that China and the U.S. must come into conflict with one another. The economy and trade of our two countries are highly complementary. We can and should have long-term and mutually beneficial cooperation.

TIME: *Many observers were surprised by the boldness of your economic initiatives at the recent Party Congress. Do you see any risks in these reforms?*

Jiang: The most important thing is that we will continue to adhere to the Deng Xiaoping theory and implement the policy of reform and opening up. I would like to know specifically what you mean when you mention risks.

TIME: *We were referring to the reform of bankrupt state enterprises and the fate of their workers.*

Jiang: Our reform effort is to establish a modern system to reinvigorate our enterprises and let them better play a dominant role in the national economy. With reform, socialism will become even stronger. Our

“The most important human right is to ensure that the 1.2 billion Chinese people have adequate food and clothing.”

objective is to help the majority of large and medium-size state-owned enterprises that are running at a loss to get rid of their problems. In the process, we will meet with various contradictions and difficulties, but we have adopted an incremental approach. We also have established some support mechanisms, including a social-security program. We enjoy the support of the vast workforce.

TIME: *One of the biggest threats to economic progress is rampant corruption. To what extent are you prepared to crack down, especially at high levels?*

Jiang: We are firm and resolute in combatting corruption. Those who abuse their power and position will be dealt with seriously, according to party rules and the laws of the country. I do not deny that fighting corruption is a very arduous and complicated task. But we are working to implement our laws, educate our people and build our legal system. The most fundamental thing is to promote democracy so

that the people can supervise the work of the officials.

TIME: *Many Chinese also dislike the behavior of the children of top officials. Do you have rules about what your own children and grandchildren may and may not do?*

Jiang: I have two grown children. One son has a Ph.D. and a postdoctorate degree, and he is now doing research work at an institute in Shanghai. Another son studied in Germany, and is working in the field of computers. I take great satisfaction that both of them behave very well and both have come back to work here in China. My grandchildren are now in primary school, and one thing that I frequently warn myself is that I should not indulge them too much.

TIME: *How were you able to keep up your interest in music during the past political campaigns, when classic Chinese arts were condemned as feudal and Western arts were condemned as bourgeois?*

Jiang: Fine Chinese and foreign cultural and artistic work are the shared wealth of all mankind. The absurd activities that downgraded and even destroyed fine culture and art are all erroneous. I am the President of the People's Republic of China, but I am also an ordinary citizen, and I have my own interests and hobbies. For instance, I read Tang dynasty poems, Song dynasty lyrics and Yuan dynasty verses, and some of Dante, Shakespeare, Balzac, Tolstoy and Mark Twain. All of these give me great enjoyment. I also like to listen to Mozart, Beethoven, Schubert, Strauss, Tchaikovsky. And I listen to some of your famous American pieces. At the beginning of this year I read a book written by a Chinese on Mozart that related his music to the poetry of Du Mu in the Tang dynasty. I believe all fields of art are linked with one another.

TIME: *How can you sleep at night knowing that you have responsibility for 1.2 billion people?*

Jiang: Some nights I cannot get to sleep—for instance, when natural disasters occur. Despite modern science and technology in agriculture, we still mainly depend on how the weather goes. I owe a lot of special thanks to my wife. She tends to persuade me that, after all, I have to eat and try to get some sleep because the next day I have to continue working.

In the past few years the Chinese people have scored very exciting achievements. But there are still brain-breaking questions and problems for us. It's hard for me to tell what's the biggest challenge. I am an optimist and also a realist. I am very confident about the future. ■

Jim,
I'm just back from 2
weeks in Asia and wanted
for to be sure to see this.
Leo

10-11-97

South China Morning Post

Business Post

Friday October 31 1997

US companies cheer summit accord as taxes cut from 23 per cent to zero

China slashes technology tariffs

KNIGHT-RIDDER
in San Jose

China's announcement of tariff cuts on information technology by 2000 has generated an enthusiastic response from US businesses keen to tap the enormous potential of the world's fastest-growing hi-tech market.

China's decision to sign the global Information Technology Agreement was a "significant step", according to US national security adviser Sandy Berger.

"It takes tariffs from 23 per cent to zero on average on US\$1.4 billion of American exports. That's a big deal," she said.

American Electronics Association president Bill Archey said the decision, announced at yesterday's summit between President Clinton and Chinese President Jiang Zemin (江泽民), would be an even bigger deal in the future.

Already, 42 countries representing 93 per cent of the global market have signed the Information Technology Agreement.

Eliminating tariffs on computers, semiconductors, telecommunications and other equipment in the world's fastest-growing hi-tech market held enormous potential for future exports, Mr Archey said.

"The impact of the agreement will be profound on the hi-tech community," he said.

Despite China's high tariffs, US information-techno-

logy exports to that country increased 253 per cent between 1990 and 1996, Mr Archey said.

With the new agreement, US hi-tech exports, of which Silicon Valley claims a significant share, should grow even faster.

The export figures reflect the fact that China, with 1.2 billion people and the world's fastest-growing economy, is developing a voracious appetite for information technology.

In the telecommunications sector, it is adding 20 million phones a year, which is about the size of Canada's entire system.

Computer sales are rising at about 50 per cent per year and huge new software markets are opening rapidly.

"Overall, the information-technology industry is growing at a rate of about 40 per cent per year," Shanghai information-technology czar Xia Zhongrui said.

"There is a lot of opportunity for Silicon Valley companies."

But with opportunities come many challenges.

A US Department of Commerce official noted that tariffs were merely one of several barriers to China's markets.

Others, said the unidentified official, include China's complex regulatory environment, in which the rules of various jurisdictions and agencies often overlap and contradict each other.

Still other barriers include



Hi-tech trade-off

President Jiang Zemin meets World Bank president James Wolfensohn in Washington before his summit with US President Bill Clinton. Mr Jiang yesterday signed the global Information Technology Agreement, slashing mainland import tariffs from 23 per cent to nothing.

product-distribution controls, as well as frequent requirements that foreign companies transfer key technology to China to do business there.

Hewlett-Packard Co, Intel Corp, Sun Microsystems and dozens of other Silicon Valley companies are well established in China and working

hard to position themselves to profit from its enormous emerging market.

"The PC market in China was two million units in 1996, and we expect it to be three million in 1997," Hewlett-Packard (China) materials manager Tay Chin Kiat said.

"The market has been

growing very fast for the past two years, and we think it will continue to grow."

Although most computers in China are purchased by companies or government agencies, sales to consumers are expected to soon explode.

Mr Xia said 1.7 million people in Shanghai alone

have been trained to use computers, and that families increasingly view them as important educational tools.

Even without tariff and non-tariff barriers, the market will be a tough one for foreigners.

China has started developing its own hi-tech firms, and they are growing fast.

Reuters

INTERNATIONAL/REGION

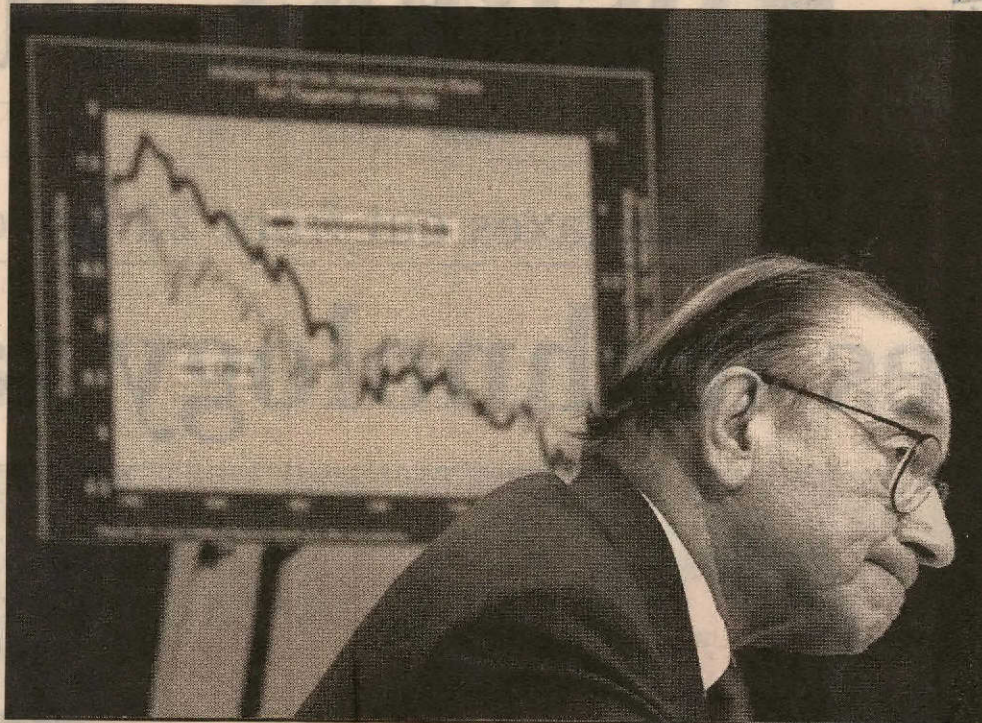
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in part because they softened concerns he expressed earlier this month that the US economy may be growing too fast and suggest the Fed need not be in a hurry to increase US interest rates, analysts said.

"Financial market turbulence is something that makes the Federal Reserve very cautious" and virtually ruled out a Fed rate rise at the next policy meeting on November 12, NationsBank Corp economist Peter Kretzmer said.

Mr Greenspan said the Fed "cannot afford" to be complacent about inflation. However, he said, growth "appears to have remained robust and inflation low, and even falling, despite an ever-tightening labour pool".

The chairman noted again that the economy "has been drawing down unused labour resources at an unsustainable pace, spurred by a substantial wealth effect on demand".



Reserved approach

Associated Press

US Federal Reserve chairman Alan Greenspan says the Fed cannot be complacent about inflation.

The downturn in equity markets over the past week "will tend to damp that impetus", he said.

Already there are signs growth may be slowing close to the Fed's non-inflationary target of 2.5 per cent from 3.5 per cent or more in the third quarter.

The Fed's report on regional economic conditions found that although growth remained moderate to strong, "retail sales in most districts in September were weaker than anticipated" and car sales were mostly slower.

Earlier, the Commerce Department reported that or-

ders to manufacturers for high-value durable goods fell 0.6 per cent last month.

Inflation is running at the slowest pace since 1986.

Prices as measured by the Labour Department's consumer price index rose at a year-on-year 1.8 per cent last month.

THAILAND

Finance bail-out rules to remain unchanged

AGENCE FRANCE-PRESSE in Bangkok

The head of Thailand's new Financial Restructuring Agency (FRA) says the fate of 58 suspended finance firms will be decided within three months under International Monetary Fund-backed criteria, local media reported yesterday.

"It's not a case in which some finance companies can argue that standards are too

chairman, Twatchai Yongkittikul, as saying.

Deputy Finance Minister Surasak Nananukul, sworn into office on Saturday, had called for the easing of a 15 per cent capital adequacy ratio for suspended firms allowed to re-open in the future.

The rehabilitation of financial institutions, saddled under an estimated US\$35 billion in bad debt, is a vital element of a \$17.2 billion IMF rescue package.

World summary

World

Business ... finance ... economics ... trade ...

Silicon Graphics chief will step down in reorganisation

Palo Alto: Silicon Graphics Inc chief executive Edward McCracken says he will step down in a reshuffle as the company moves to slash 700 to 1,000 jobs in a reorganisation prompted by a surprise loss in its September quarter. Mr McCracken said executive vice-president of sales and marketing Gary Lauer had left the company. The first quarter shortfall was largely attributed to weaker-than-expected US sales.

Retail loan reporting tightened

Manila: The central bank has tightened reporting requirements on car loans and credit cards amid worries high interest rates will increase bad loans at banks. The Monetary Board, the Bangko Sentral ng Pilipinas' policy-setting committee, yesterday ordered banks and finance companies to submit reports on consumer loans quarterly instead of yearly. While it said the situation was far from being critical, the board said it had noted a trend for past-due car loans and credit-card receivables to increase.

Action men fall to Spice Girls

New York: Babes in Toyland is to be the rule of thumb for Galoob Toys, which says it will discontinue its male action lines. Galoob announced a worldwide licensing agreement to produce fashion dolls based on the phenomenally popular five-woman British pop group Spice Girls. Galoob said it was restructuring its male lines to maximise on its new Star Wars toys licence. Galoob took a third-quarter after-tax charge of US\$17.6 million related to the restructuring and other items.

Sanyo Securities changes sought

Tokyo: Nippon Life Insurance Co says it has asked Sanyo Securities Co to formulate a programme to "drastically" restructure its business without relying on subordinated loans from life insurers. Sanyo Securities had asked Nippon Life and other insurers to further delay repayment of 20 billion yen (about HK\$1.28 billion) in subordinated loans.

Country Road stake bid fails

Melbourne: Australian Retail Investments has failed in its bid to buy another 7.7 per cent of fashion and homewares retailer Country Road. The A\$2.25 (about HK\$12.25) per share bid, made to the trustee of Country Road's employee share scheme, Planco, lapsed on Wednesday. Australian Retail already owns about 10 per cent of Country Road. The offer rivalled a A\$2 per share bid for the whole company by South African retailer Woolworths Holdings.

Pennzoil offer extended again

Fort Worth: Union Pacific Resources Group Inc says it has extended its hostile takeover bid for Pennzoil Co to November 24 - the fourth time the bid has been extended. The hostile US\$84 per share offer was last scheduled to expire on November 5. Union Pacific Resources said it had extended the offer be-

ket demands tax cut

492 yen to 16,364.91 yen, a level that wiped out the hidden assets of five major Japanese banks and several large life insurance companies.

Bond prices, meanwhile, have continued to make history, with the interest rate on the benchmark 10-year Japanese government bond falling to 1.590 per cent, the lowest rate seen anywhere in the world in 400 years.

The markets' distrust in the government also extends to its ability to strengthen the economy's medium and long-term outlook by aggressively deregulating.

by encouraging more real estate transactions is stuck in limbo.

Bureaucrats are fighting against the deregulatory measures that are supposed to accomplish this end.

Although Japan's bureaucrats have now promised, as Takeshi Komura, the top career official at the Ministry of Finance put it yesterday, to "thoroughly study", Mr Hashimoto's request for quicker deregulation, events are likely to overtake them.

A two to three trillion yen (about HK\$128.19 billion to \$192.28 billion) tax cut is