

15/7/89

Beijing looks to East Bloc for aid

By WILLY WO-LAP LAM

IN the face of economic sanctions imposed by Western countries on China, Beijing is looking to the Soviet Union and the Eastern Bloc for economic co-operation and political support, analysts in the Chinese capital say.

In a meeting with Mr Gunter Scharboski, a politburo member of the Socialist Unity Party of Germany (SUPG), Chinese Communist Party leader Jiang Zemin expressed appreciation for the "understanding and support" East Germany has given China "at a difficult moment" in Chinese history.

"A friend in need is a friend indeed," said Mr Jiang. Part of the reason why East Germany understands the Chinese situation, Mr Jiang said, is that "we are on a unified stand of Marxism".

After briefing his guest on the official viewpoint on the suppression of the pro-democracy movement, Mr Jiang said that "we have become more aware of the importance of strengthening education in socialism, patriotism and history in the educational field and among students".

Analysts say that with the renewed stress on conformity to the communist canon, China seems poised for closer links with the Eastern Bloc.

Another factor behind China's apparent shift to the Soviet bloc is economics. After the economic sanctions imposed on China by the West, Beijing is looking

elsewhere for trade, investment and technology.

Economic relations are progressing fastest with the Soviet Union. Sino-Soviet trade has more than doubled in the past five years, reaching US\$3.23 billion (HK\$25.2 billion) last year.

Prospects are brightest for "border trade" along the Sino-Soviet boundary.

Yesterday, the New China News Agency said that the Xinjiang Uygur Autonomous Region in China's northwest had signed economic and cultural agreements with Kazakh Soviet Socialist Republic, in the Central Asian region of the Soviet Union.

According to the agreement, the two sides will cooperate in such fields as power development, chemicals, metallurgy, geology, telecommunications, light and textile industries, machinery and labour services.

A Chinese official in Xinjiang said that exchanges will take the form of barter trade and labour service co-operation. The barter trade is expected to top 100 million Swiss francs (HK\$484 million) this year and about 350 million Swiss francs (HK\$1.69 billion) in 1995.

Trade has also shot up between the northeast Chinese province of Heilongjiang and neighbouring Soviet republics.

In early July, a shipping line opened between Harbin, capital of Heilongjiang, and Chabarovsk, the largest city in the Soviet Far East, after a suspension of 26 years.

In addition to Harbin, Heilongjiang province has

opened its Jiamusi and Fujin ports to the Soviet Union, which also opened three ports to China.

Chinese sources say that after the Tiananmen massacre, such senior leaders as Vice-Premier Yao Yilin told foreign trade officials to broaden contacts with the Soviet Union to "compensate" for possible curtailments in China's links with the West.

As opposed to disgraced party chief Zhao Ziyang, who is a fervent believer in economic integration with the capitalistic world, conservative leaders like Yao and Prime Minister Li Peng have long advocated that economic ties with the Eastern Bloc are as important as those with the West.

More than half the ministers in China's State Council, or cabinet, were trained in the Soviet Union. In the six-member Politburo Standing Committee, at least three - Mr Yao, Mr Li and Mr Song Ping - are known to gravitate towards Soviet-style central planning rather than Western-style market mechanisms.

Analysts note, however, that it will be very difficult for China to get investment and technological aid from the Eastern Bloc, which itself is in need for cash and know-how.

"China is merely posturing," said a Western diplomat in Beijing. "By appearing to move closer to the Eastern Bloc, it hopes that the West and Japan might be persuaded to think twice about freezing investment and technology flows to China."