

“QUOTABLE

“The pictures featuring nude officials in Lujiang county that were circulated online were completely faked with Photoshop. We have reported the case to the police and reserve the right to hold anyone who circulated the pictures legally responsible.”

OFFICIALS FROM LUJIANG COUNTY, Anhui province, respond to the photos on Thursday. The pictures may be connected with someone who was involved in a corruption case investigated by the county government, said Wang Minsheng, Lujiang's Party chief.

THE NUMBER

74.83

YEARS

China's average life expectancy rose to 74.83 years as of the end of 2010, according to the National Bureau of Statistics. The number, 3.43 years greater than that of 2000, is calculated from the sixth national census, the bureau of statistics said on Thursday. A spokesman for the bureau's population department said life expectancy will continue to climb due to improved medical services amid the country's rapid economic growth.

ON THE WEB

Highlights from chinadaily.com.cn

Video: Why do graduates struggle to find jobs? *Digest China* takes an in-depth look at the issue and talks to employers, recruitment experts and job seekers.

Bilingual: Muse, who recorded the official London Olympics song, and former Wham singer George Michael have both confirmed they will play at the closing ceremony on Sunday.

Language tips: Burned out. Beat. Snowed under. Find out the many ways in English to describe being under stress.

Slideshow: World leaders spotted in the crowds at the Olympics.



Culture: Get a closer look at some gold artifacts once owned by emperors of the Qing Dynasty (1644-1911).

On China Forum

<http://bbs.chinadaily.com.cn/>

Pictures: A selection of works from photographer Andreas Franke's *Life Below The Surface*.

Discussion: What's the best reason to stay in China?

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CPI hits 30-month low amid easing calls

Rise in fuel prices announced as growth measures loom on horizon

By WEITIAN and DING QINGFEN

Policy fine-tuning should be cautiously rolled out to prevent a rebound in prices, experts said, after inflation hit a 30-month low in July and stoked speculation of aggressive easing.

Meanwhile, the National Development and Reform Commission announced on Thursday that

the retail price of gasoline would rise by 390 yuan (\$62), and diesel by 370 yuan, a metric ton from Friday.

The consumer price index, a major gauge of inflation, rose 1.8 percent year-on-year last month, the slowest pace since February 2010, the National Bureau of Statistics said on Thursday.

The rate was 0.4 percentage point lower than in June and marked the fourth consecutive monthly fall.

“The falling CPI increases

pressure on the government to further loosen monetary policy to restore growth,” said Jin Linbo, vice-president of the National Academy of Economic Strategy at the Chinese Academy of Social Sciences.

“But this will not be an easy job, as further easing, if not appropriately applied, will lead to a bubble. Authorities have to be very cautious about each step they take,” Jin said.

Chen Daofu, policy research chief at the Financial Research Institute at the State Council's Development Research Center, said the government should not rush into another interest rate cut when inflation concerns remain high among consumers.

“A better choice would be to lessen administrative controls, such as further widening the room for floating interest rates.”

The People's Bank of China, the central bank, lowered interest rates twice in the past two months to bolster the world's second-largest economy, which reported the slowest expansion in three years in the second

quarter at 7.6 percent.

However, a recent report by the central bank said the marginal effect of policy relaxation is declining and it could lead to a rebound in inflation.

“Bank reserve cuts and open market operations will be the main tools adopted in the near future,” Chen said.

Liu Ligang, head of China economics studies at the Australia and New Zealand Banking Group, estimated that bank reserve requirements will be cut this month, and two more cuts are likely this year.

“Although there are still possibilities for further interest rate cuts, it might not be the best medicine for a cooling economy,” Liu said, explaining that the economy will face even bigger challenges if interest cuts lead to a rebound in housing prices.

“Retreating CPI in the short term doesn't rule out long-term inflationary pressure,” said Zhang Monan, an analyst with the State Information Center.

“Structural inflation, pushed up by the re-evaluation of assets and rising labor costs, continues to pressure companies and consumers,” she said.

In a breakdown of July's index, food prices, which

account for nearly one-third of the CPI, edged up 2.4 percent from a year ago, compared with 3.8 percent in June.

The increase was mainly driven by vegetable and fruit prices, as rain and flooding affected production in many areas in the traditional peak supply season. Pork prices saw a rise of 18.7 percent year-on-year.

Meanwhile, charges for domestic and maintenance services went up 10 percent year-on-year.

Transportation and communication are the only category in the basket to see their prices fall from a year ago. Fuel prices were down 4.4 percent year-on-year after three price cuts this year.

Shrinking demand

Cooling inflation was also a reflection of shrinking demand in the real economy, as companies struggling with overcapacity and falling profits, have to lower, or slow the growth of, product prices.

The producer price index, a main gauge of inflation at the wholesale level, fell 2.9 percent in July from a year earlier. This marked 12 months of consecutive declines.

But Zuo Xiaolei, an econo-

mist with Galaxy Securities said “retreating inflation isn't equal to deflation”, allaying concerns over deflation.

“As long as the growth goal (7.5 percent) is achieved, there won't be deflation,” she said.

Lian Ping, chief economist with the Bank of Communications, said the risk of inflation still outweighed that of deflation.

“The policy stimulus and change of local governments may lead to a new round of investment fever, which will boost prices.”

Fixed-investment growth was 20.4 percent in the first seven months, according to the National Bureau of Statistics. And “investment will still be the key driver for a very long time”, said a report by the Chinese Academy of Social Sciences.

A report by the China Merchant Securities estimates that inflation will stand at 1.9 percent in the third quarter and 2.5 in the fourth, with the yearly figure below 3 percent.

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around china

BEIJING

Railway quality defects corrected

Quality defects found in 12 rail lines have been rectified and responsible departments had been punished, the Ministry of Railways said on Thursday.

The ministry made the remarks in response to recent media reports, which said that quality defects that could endanger safety were found on 12 rail lines. Seven of the 12 lines have resumed services, including high-speed passenger railways between Wuhan and Guangzhou and between Zhengzhou and Xi'an.

The problems were discovered during routine inspections, and the current high-speed lines in operation are safe, the ministry said.

Draft health rule targets privacy

Health departments should protect patients' privacy and refrain from leaking their personal information and related material, according to a draft regulation published on Wednesday.

The draft amendment to the Tuberculosis Prevention and Control Regulation, formulated by the Ministry of Health, was published on Wednesday on the website of the Legislative Affairs Office of the State Council for public comments.

Health departments can obtain information from organizations and people and carry out location inspections, to help prevent TB and aid its treatment, but should also heed patients' privacy, according to the draft.

Heroes deprived of rewards

Donations to the 152 migrant workers who saved people on the Nangangwa section of Beijing-Hong Kong-Macao Expressway during the July 21 torrential rain in

Beijing are allegedly having their reward withheld by their employer, the Beijing Times reported.

Philanthropist Li Chungping and the Tencent Fund gave 304,000 yuan (\$47,796) and 150,000 yuan respectively to those workers as a reward for their heroic service. The workers received the contributions on July 28 and had a dinner with Cui Yongyuan, the famous host from China Central Television, two days later.

However, their employer, the Fengtai Hexi Water Recycling Plant, soon forced them to hand over the money, the workers said.

Sun Long, from the plant, responded by saying that management is merely holding onto the money to make sure the workers stay, and that they have promised to return the money later.

GUANGDONG

Province may pilot two-child policy

Guangdong province will pilot a two-child policy in the near future, Zhang Feng, former director of the Guangdong Population and Family Planning Commission, said on Wednesday.

Zhang revealed in March, while he was still director, that the South China province is working to get permission to start a policy that allows couples to have two children as long as one is the only child of his or her parents.

National policy states that only couples who have urban residential permits and who are both only children can have a second child. Couples with rural residence registration can have a second child if their first child is a girl.

SHANGHAI

Planes collide on airport ground

Two airplanes collided in Shanghai Pudong International Airport on Thursday afternoon, the publicity department of Shanghai government said on Thursday.



NEXT DUNK STAR

PHOTO BY ANDY WONG / THE ASSOCIATED PRESS

The Houston Rockets' Jeremy Lin helps a child slam-dunk during a basketball clinic at a school in Beijing's Changping district on Thursday.

Flight MU583 of China Eastern Airlines and MH389 of Malaysia Airlines crashed on the P9 track at 4:28 pm, according to the micro blog of the publicity department of Shanghai.

The crash caused slight damage to both airplanes, local media reported. Both flights were delayed.

HEBEI

Great Wall collapses after heavy rain

Repair work is under way on a section of the Great Wall in North

China's Hebei province that collapsed after days of continuous rain, local officials said on Thursday.

The collapse occurred on Monday, when strong currents of water from the mountains damaged the Dajingmen section of the Great Wall in Zhangjiakou following several days of rain, an official with the city's Qiaoxi district said.

Experts have cleared the fallen section, which extends 36 meters, and reinforced other loose sections to prevent further collapses. Cracks were also spotted in other parts of the wall near the damaged section.

HONG KONG

Astronauts thank HK residents

The three astronauts in China's first manned space docking mission have sent a thank-you note to Hong Kong ahead of their four-day visit starting Friday, according to the city's government news website.

The message, signed by Shenzhen IX astronauts Jing Haipeng, Liu Wang and Liu Yang, sends greetings to the Hong Kong people and thanks them for their support for the country's space program.

CHINA DAILY—XINHUA

Sports: Official says he 'feels for athletes'

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“It is an honor, on the one hand, if people feel that you may be capable. But on the other hand, it is way too early. I am very loyal to our president and I think it would not be fair to him, nor would it be fair to the IOC, to start discussing his succession now,” Bach said.

The current Games, he said, are “the toughest”.

“You see new nations and athletes from smaller nations emerging and winning medals. This is great for the globalization of sport,” he said.

Bach also said it's impressive to see China is “not concentrating only on the traditionally strong sports ... like gymnastics, table tennis and badminton”.

He singled out Xu Lijia, who won the women's Laser Radial class in sailing, as an example of China “embracing” more Olympic sports, and offered his support to “young rookie” swimmer, Ye Shiwen.

Ye, 16, won two golds in London and slashed 5 seconds off her personal best.

John Leonard, the executive director of the American Swimming Coaches Association, called the performance “disturbing.” Ye denied that she had used performance-enhancing drugs and has never failed a test.

“She is a great star, one of the great talents. This is what sport needs. She's a great champion,” Bach said.

As a retired Olympian himself, Bach stressed repeatedly that he could “feel for athletes”, especially those caught up in controversy.

He acknowledged that there had been discussion in Germany over boycotting the Beijing Games.

“Having suffered from a boycott in 1980, I was with the athletes in this discussion. I made it clear from the beginning that our committee will not accept any boycott. We will go to Beijing, no matter what,” he recalled.

Making his stance public at an early stage ended any future mention of a boycott, and Bach said it was a “great moment” to see the German team in Beijing.

“You cannot say sport has nothing to do with politics ... You have to know your political implications. You have to know there can be a political background. But sport has to be absolutely neutral in politics. If sport takes a side in politics, then the meaning of sport is gone,” he said.

One great example of the power of sport to transcend politics came in 2000 when athletes from the Democratic People's Republic of Korea and the Republic of Korea marched together for the first time at the opening ceremony of the Sydney Olympics.

Bach played an important role in the IOC-brokered arrangement.

In 1998, the IOC had an executive meeting in the ROK.

Juan Antonio Samaranch, then IOC president, introduced Bach to politicians, saying he would be going to the DPRK for discussions.

Bach visited Pyongyang soon afterward, and found the discussions “very difficult” in the beginning, as there was “no real commitment”.

The countries held direct talks about “a couple of months” later. But Bach modestly denied any major role, saying he was just “preparing the ground” for direct talks.

“We did not really believe it would happen until we saw the teams come in together,” he said. An incredible scene, “one of the most moving moments” he ever experienced.

EXCLUSIVE | FAN XIAOJIAN

Counting on success in poverty fight

By QU YINGPU, ZHAO HUANXIN and HEDAN

Fan Xiaojian has a head for numbers and he counts on them to tell a story that adds up to success and continuing challenges.

The top official in charge of poverty reduction in China has figures on hand to depict the other side of the world's second-largest economy.

“I've always found numbers intriguing,” said Fan, an economics graduate who has led the State Council's anti-poverty drive since 2007. “Numbers do not meander; they tell stories directly.”

Fan, 59, can inform reporters straightaway that China relocated 7.7 million people from impoverished areas in the century's first decade.

That figure almost matches

the combined population of the two special administrative regions of Hong Kong and Macao.

He can also sum up the anti-poverty achievements over the past three decades by stating that 250 million rural residents have escaped poverty. That number is roughly equal to Indonesia's population.

But of more immediate concern, he can use numbers to tell

the story of the consequences of the global downturn on measures to tackle poverty.

The financial crisis that started in 2008 has condemned 100 million more people to destitution globally, he said, quoting World Bank statistics.

It has also taken a toll on domestic anti-poverty efforts.

About 3 million people were taken out of poverty in 2008, a figure similar to the 2000 level.

Impressive as this is, it still represents a setback.

“Between 2004 and 2007, we lifted a whopping 10.89 million out of poverty annually,” Fan, chief of the State Council's Poverty Alleviation Leading Group Office, told China Daily.

The global economic contraction means that factories in coastal regions feel the brunt of the slowdown and many workers have to return to the interior.

Measures, especially to help farmers, have been introduced. Special poverty reduction

funds, nearly 33.2 billion yuan (\$5.2 billion), have been allocated this year, Fan said, adding that this represents an increase of 22 percent on last year.

Despite impressive economic growth, pockets of poverty still remain, particularly in the 11 mountainous regions.

These include the Liupan Mountains in the Ningxia Hui autonomous region and the Qinling-Bashan mountains. They are isolated both geographically and economically, according to Fan.

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