important matter given that China expects to mine 1.4 billion tons of coal by 2000.

O'Leary also met with Vice Premier Zou Jiahua, who said that China welcomes more U.S. investment and technology transfer. Zou said that China's energy development will have to include oil, coal, natural gas, electric, and nuclear power.

An idea of how great China's energy needs are, was given by Power Industry Minister Shi Dazhen in an interview with the official *Beijing Review* on Nov. 21. Shi said that China has enormous energy needs: Per capita annual power consumption ranks 80th in the world; per capita generating capacity is one-thirty-third of the world average. For China to reach U.S. levels of installed generating capacity, it would have to increase its capacity to over 1.3 billion kilowatts, up from one-tenth of that figure now. "The country as a whole has faced a power shortage for 24 years. Nationwide, some one-tenth of the population has no access to electricity," he said. In this situation, the government is giving priority to power development. Along with thermal and hydropower development, China will make a "great effort to gradually form a nuclear power generating capacity," and has plans to build a number of nuclear plants in coal-short eastern provinces.

National interests protected

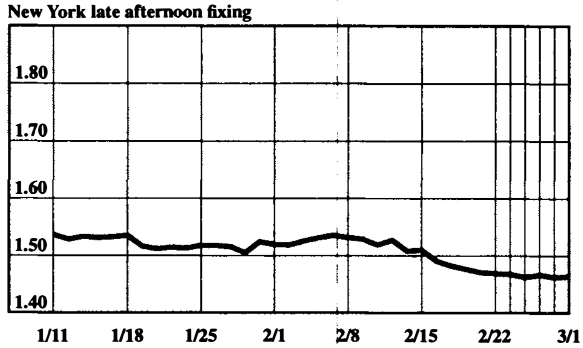
Despite its great needs, China does not intend to surrender vital national interests to gain foreign investment. Shi stated that Chinese policy is to absorb foreign funding, but the principle is that the "grid system should be placed under unified state management, and the sales of fixed assets are prohibited." The foreign share in strategic power plants is limited to 30%, and while investors should earn profits, the policy is to ensure that no increased costs for energy accrue to enterprises or consumers.

U.S. press reports indicated that a number of U.S. businessmen are not happy that Prime Minister Li Peng has put a cap of 12% on foreign investors' rate of return on power projects, a rate several percent lower than what other developing nations allow.

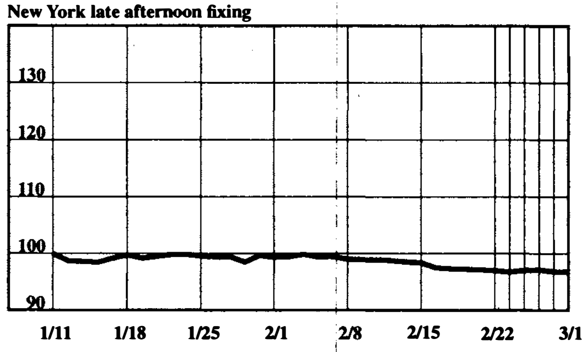
Despite the agreement, nasty voices continue to come from some circles in Washington. China "trade specialist" Gregg Mastell, of the Economic Strategy Institute, told the Feb. 28 *New York Times* that "everyone realized that piracy is not just a problem, it is a fundamentally ingrained part of China's economic plan. And that is why so many people are skeptical that this agreement, or any agreement, can stomp this out." Mastell had earlier demanded in a policy document that the United States use China's determination to join the WTO to force it to open its "still largely centrally planned economy, the most protectionist of any major country." If China joins the WTO "while persisting with mercantilist practices, it will make a mockery of the WTO's free-trade principles and threaten the entire world trading system," he wrote.

Currency Rates

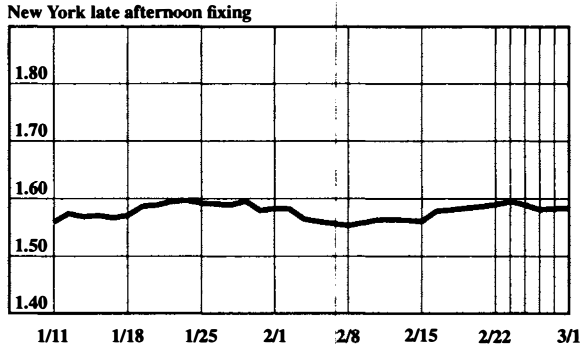
The dollar in deutschemarks
New York late afternoon fixing



The dollar in yen
New York late afternoon fixing



The British pound in dollars
New York late afternoon fixing



The dollar in Swiss francs
New York late afternoon fixing