

## **Business Times (Singapore) - 01 November 2007**

### **Beijing Games to close on different note**

***Will China take military action against Taiwan, act to curb inflation and restore key official appointments once the event closes?***

**By IVAN PNG**

THE XXIX Olympiad, better known as the Summer Olympics, is scheduled to open in Beijing on Aug 8, 2008. With the opening less than 300 days away, the Beijing Organizing Committee is working feverishly to complete preparations on the theme 'One World, One Dream'.

Beijing Mayor Wang Qishan is executive president of the Beijing Organizing Committee. More importantly, Mr Wang is also deputy secretary of the Beijing Municipal Communist Party. Vice-Mayor of Beijing, Liu Jingmin, is an executive vice-president of the Beijing Organizing Committee.

At the recent 17th National Congress of the Communist Party, Mr Liu reported that of the 37 Olympic venues, 27 had been completed and another nine would be ready by year-end. The National Stadium, site of the opening and closing ceremonies, would be inaugurated in March 2008.

The Beijing authorities have also addressed the city's transport infrastructure. Early in October, subway line number 5 opened - the first line to be built since the 1960s. At Beijing's Capital Airport, the huge new Terminal 3, designed by Norman Foster and costing US\$2 billion, will open in early 2008.

The Beijing Organizing Committee has even attended to Beijing's notorious air pollution. The president of the International Olympic Committee, Jacques Rogge, publicly worried that poor air quality might cause some events to be postponed.

The Beijing authorities responded with a dramatic exercise of government power. In mid-August, on alternate days, vehicles with odd and even number plates were prohibited from use, reducing access by 1.3 million vehicles. Du Shaozhong, deputy chief of the Beijing Environmental Protection Bureau, was pleased to declare: 'The test has clearly demonstrated we are capable of providing good air quality for the Beijing Olympic Games.'

Most recently, the Beijing Organizing Committee disclosed that it had raised its budget by US\$400 million to cover increased security for athletes and visitors.

With such thorough preparation and no expense spared, the Beijing Olympics will surely be a major spectacle and sporting accomplishment right up to the last minute.

Renowned director Zhang Yimou and his assistant Chen Weiya have promised the greatest-ever Olympic closing ceremony on Aug 24.

At other Olympics, with the lowering of the flag and the putting out of the cauldron, thousands of sportsmen and women would return home, all with fond memories, and some with medals. The host country would be left with a warm afterglow, and perhaps somewhat vacant facilities.

The close of the Beijing Olympics will be hugely different.

For China, a critical unresolved political issue is recovering the island province of Taiwan. To the chagrin of the mainland Chinese government, President Chen Shui-bian of Taiwan has repeatedly promoted independence of the island from China. His most recent ploy is a referendum on whether Taiwan should apply to rejoin the United Nations in the name of 'Taiwan' or its official title, 'Republic of China'. President Chen's strident moves have been criticised as being reckless. US Deputy Secretary of State John Negroponte has described the referendum as a 'mistake'. Chinese Foreign Ministry spokesman Qin Gang warned that it could 'have a grave impact on cross-Straits relations and seriously endanger peace and stability'.

However, various experts believe that Taiwan is safe for the time being. They reckon that China would not disrupt the Olympics by taking military action against Taiwan. But, after the Olympics?

In 1995-1996, in the wake of Taiwan's first direct presidential election, China fired live missiles across the Taiwan Straits.

What else might be in store? China's stock and real estate markets are clearly overheating. A persistently large balance of payments surplus is fuelling a wave of money creation. Bank interest rates are so unattractive that the money is flooding into stocks and property.

In the last 12 months, the Shanghai Stock Exchange Composite Index has risen 232 per cent. In the first nine months of this year, individual Chinese investors have opened 28 million new brokerage accounts, compared with just three million in 2006.

In the trendy Wan Qu suburb of Shenzhen, the southern Chinese boomtown on the Hong Kong border, the prices of two-bedroom apartments in one development have been bid up to over US\$1 million.

In Beijing, the real estate frenzy has been stoked by a temporary freeze on all new residential projects. The purpose of the freeze was to improve the environment for the Games.

Why hasn't the Chinese government acted more decisively to curb inflation in stock and real estate prices? Uncle Li, a Shanghai investor, has the answer: 'The Olympics are next year. Beijing will not allow a crash.' After the Olympics?

At the more mundane level, within Beijing driving restrictions would be lifted and air pollution would return to unhealthy levels. Importantly for the careers of Communist Party officials in Beijing, all major appointments have been postponed until - you guessed it, after the Olympics.

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