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Bush's big guns on Beijing visit

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For a few days this week, Americans may be forgiven for thinking their government is being run from Beijing when nearly half the Bush cabinet is in the Chinese capital for wide-ranging parleys.

A high-level US delegation headed by Treasury Secretary Henry Paulson and comprising six members of cabinet rank in addition to the Fed chief are expected to arrive today for the first-ever Sino-US strategic economic dialogue that starts tomorrow.

Vice-Premier Wu Yi and Paulson, who lead the delegations, will discuss a number of economic fronts at the two-day meeting.

Paulson is accompanied by a host of top American officials, including US Federal Reserve Chairman Ben Bernanke and four Cabinet members Commerce Secretary Carlos Gutierrez, Energy Secretary Samuel Bodman, Labor Secretary Elaine Chao and Health and Human Services Secretary Mike Leavitt.

US Trade Representative Susan Schwab and the head of the Environmental Protection Agency, Stephen Johnson, both of cabinet rank, also are attending.

The Chinese side will be represented by a top-level team including National Development and Reform Commission Minister Ma Kai, Finance Minister Jin Renqing, People's Bank of China Governor Zhou Xiaochuan and the heads of agriculture, health and information ministries.

Issues to be discussed are expected to include the bilateral trade imbalance, the renminbi exchange rate, increased opening-up of China's financial sector to foreign competition, intellectual property rights protection as well as restrictions on high-tech US exports to China.

The US officials will also meet President Hu Jintao and Premier Wen Jiabao during their stay in Beijing.

On the eve of the US delegation's visit, the Bush administration on Monday criticized China's record on opening its markets and said the US would not hesitate to seek economic sanctions.

Calling China's record "decidedly mixed," Schwab released a 100-page report that accused Beijing of failing to live up to commitments it made five years ago when it joined the World Trade Organization.

"Certain industries face frustrating barriers to doing business in China and there are worrisome signs that China's market liberalization efforts have slowed in the last year," Schwab said in a statement.

The administration said it would not hesitate to use all the tools available including bringing cases against China before the WTO if the country did not do more to lower barriers to American exports and US companies seeking to operate in China.

But Foreign Ministry spokesman Qin Gang yesterday rejected the charges.

"We have fulfilled our obligations and commitments earnestly and have abided by the rules of the World Trade Organization," he told reporters at a regular news briefing.

He said the Chinese market is opening up gradually, and "disputes between the two countries should be solved through friendly dialogue on an equal footing."

Despite the dissonance, analysts said that the size and stature of the biggest US government delegation ever to visit Beijing shows how serious the two countries are about reshaping bilateral economic relations.

Ruan Zongze, a senior researcher with the China Institute of International Studies, said Beijing and Washington are exploring new approaches to their disputes and the goal of the dialogue is ambitious, seeking changes across a spectrum of issues from monetary policy to energy and social services.

He noted that bilateral economic relations are vital to the prosperity of both countries and the world at large. "The strategic economic dialogue sends a clear signal to the world that the two countries are devoted to building a mutually beneficial, win-win and co-operative partnership," Ruan said.

While US lawmakers and business interests seek quick, tangible results, Paulson tempered that optimism, saying there would be no major announcements after the high-level visit. He told reporters earlier in London that he views the meeting as the beginning of a "long-term" discussion and that simply sitting down to discuss economic issues with top Chinese officials should be seen as progress.

Despite pressing China for greater currency flexibility, Paulson also wants close discourse about long-term economic goals with Beijing leadership.

A Chinese official was quoted by US media on condition of anonymity as saying that China wants the dialogue to show to the United States that Beijing is doing all it can within its system and that it plans to do more at its own pace.

"We understand the political complexities in the United States," said the official. "But when it comes to political issues, we hope the politicians will listen to the experts."

Wang Yizi, professor at Shanghai-based Fudan University said the presence of Bernanke, who is not part of the Bush administration, would mean that the two sides would talk about economic issues on their merits and avoid politicizing them.

American experts with the Heritage Foundation said the dialogue is an opportunity to promote economic freedom and address challenge both two countries face.

In an article published jointly, Michael Needham, John Tkacik and Tim Kane said it is important for the American side to discuss their concerns with the Chinese without lecturing Chinese officials on where their interests lie.

"American and Chinese interests ultimately lie in economic freedom and it is vital to move rapidly to address the issues standing in the way," they said.

The world will also be following the dialogue closely for mainly two reasons, according to Joergen Oerstroem Moeller, a former Danish ambassador and now visiting senior research fellow at the Institute of Southeast Asian Studies in Singapore.

First, "both the United States and China share a vital interest in economic globalization and have to exercise leadership in maintaining a well-functioning global economy," Moeller told China Daily via email.

Second, the two sides must talk about how to stimulate global growth next year. "This is actually the most important. All indicators predict that we are already witnessing lower global growth, which will continue into 2007," Moeller said. "There is no need to elaborate on the political and economic problems a significant lower growth rate will bring along for the world."