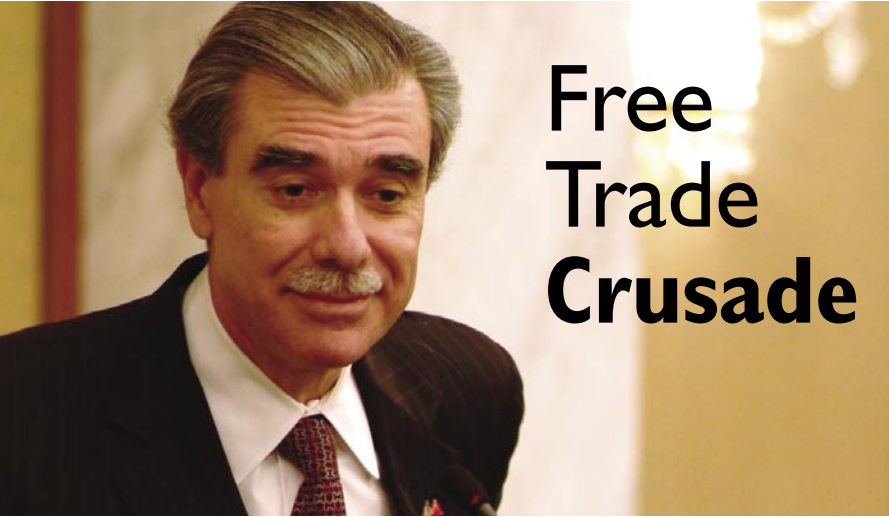


BY LAURIE UNDERWOOD



WANG GANGENG

Free Trade Crusade

U.S. Secretary of Commerce Carlos Gutierrez discusses strengthening U.S.-Sino economic ties via greater market access, improved IP protection and increased tourism traffic.

In his fourth visit to China since being named U.S. Secretary of Commerce in February 2005, Carlos Gutierrez delivered a briefing to AmCham Shanghai immediately following visits with Premier Wen Jiabao, Vice Premier Wu Yi and Commerce Minister Bo Xilai in Beijing. He shared outcomes of those discussions and outlined his longer-term goals for U.S.-China commercial ties.

The Secretary began by commending China on its “remarkable” accomplishments over the past 25 years including lifting more than 200 million Chinese citizens out of poverty, reducing adult illiteracy by two-thirds and growing the economy by an average of 10 percent annually. Most impressive, he said, is the fact that China now trades more with the U.S. in one month than it did with the entire world in 1980.

Given this growth, Gutierrez reiterated the view widely held by Washington policymakers that China should now act as a “responsible shareholder” in the global economy, stating: “Now is the time for China to fully embrace the world economy and to fully embrace its ideals and values: rule of law, transparency, fairness and open competition and IPR enforcement.”

Gutierrez told AmCham Shanghai members they are “in the right place at the right time,” and commented that China is “probably the best place in the world in which to be doing business – you can just see it and feel it. This is a time when everyone appears to want to be doing more business in China.”

The Secretary’s primary message – delivered both to Chamber members during his speech and

to media (in a press conference immediately after his Chamber address) – was that the best way to correct America’s trade imbalance with China was to expand U.S. exports to China. To follow are excerpts from these comments.

On “stemming” U.S. protectionism ...

“[The mid-term elections were] a highly charged election, which included many key economic issues such as the trade deficit, American jobs and economic stability. The election results foretell what may be greater challenges to those in the U.S. who believe in the value of open markets. However, we are encouraged by initial signs that the new Congress is willing to work with the Administration to advance a positive trade agenda, which we know is good for growth and good for continued prosperity and job creation in the U.S. and among our trading partners.

“I believe it is fair to say that some Americans are anxiously cautious of our growing economic relationship with China. While some of the fear may be misguided, there are things that China can do to help address some of these concerns.

“America and China must work together to stem the rising tide of protectionist sentiment in our nations. It is actually quite ironic that at a time when China is growing so rapidly and so much has improved in the Chinese economy, our economy in the U.S. is growing and doing so well. We are growing faster than any other G7 country, our unemployment is below the average of the last five decades and it is during a time when people are talking about protectionist policies... So America and China must work together to stem the rising tide of protectionist sentiment in our nations. We must demonstrate to our citizens the benefits that free and fair trade can bring to our economies.

“We must also show our citizens that we will hold our trading partners accountable on their commitments to open their markets. Promises to open markets must be kept. And that is central to making people across the world feel good about the trend toward globalization.”

On improving market access for U.S. companies in China ...

“Premier Wen and the senior Chinese leadership

agree with us that the best way to close the trade gap is to increase our exports to China from the U.S. They have committed to further opening and reforming their market so that U.S. exporters have more access to the China market. The best way to fight protectionism is to make sure American companies and products have fair access....

“There are several areas that we talked about at the [Joint Commission on Commerce and Trade (JCCT), which] are examples of market access. One example is motion pictures.... We’d like to see the limitations [on the number of foreign films imported per year] disappear.

“The financial services is another market access example. We have requested more opening in the financial services market. There are ownership restrictions, there are capitalization requirements for every branch that opens.

“We’ve had some discussions and some agreements on beef but we agree we should go beyond them to improve market access. There are capitalization requirements for telecom companies that are so high that they almost become a barrier to entry. In retail sales, [U.S. retailers] need permits for every store you want to open [in China]. In medical devices, the testing requirements are very onerous: you have to go through two or three testing requirements. We are pressing for doing one test. That would enable more market access.”

On U.S.-China IPR negotiations ...

“As you know, in April we had a very successful JCCT meeting. The Chinese made a number of important commitments.

“On their own initiative, the Chinese government agreed to require that all PCs made in China, or imported into China, be pre-loaded with legitimate software. Additionally, [Chinese] government agencies are now required to buy computers with pre-loaded, licensed software. This is a major accomplishment by the government of China

“Obviously, we must continue to press for decisive and specific action. This is why in Beijing, I announced three specific challenges facing China that need to be addressed in the very near term. They include: lowering criminal thresholds for

prosecuting those involved in commercial piracy and counterfeiting; allowing greater market access for audiovisual products; and sharing factories’ pirated disc exemplars with the international laboratories that trace pirated optical discs to their source.


“These are important improvements in IPR that have gone unaddressed by the Chinese for too long.”

On promoting Chinese tourism and student exchanges to the U.S. ...

“Twenty years ago, there were just 11,000 Chinese students in American universities – today there are nearly 63,000. We’d like to see that number continue to grow and we believe that student exchanges are good for the understanding and partnership between the two countries.

“In fact Secretary of Education Margaret Spellings will be here tomorrow with a delegation of [U.S.] university presidents and they will be speaking about opportunities for Chinese students in the United States. We want Chinese students to know that America welcomes them.... That’s why the Commerce Department, in conjunction with State and Education Departments have produced a two-part [TV] program featuring Chinese students studying in the U.S. [which aired on November 18 in Shanghai].

“We can also work to facilitate greater travel and tourism between our countries, which will lead to the United States becoming a preferred tourist destination for Chinese travelers. And we know there is a growing number of Chinese consumers with the means to travel: through August of this year alone, over 300,000 Chinese tourists visited the U.S. – a 12 percent increase over last year.

“We must continue to work bilaterally on these ongoing issues, and these new opportunities will provide us with ways in which we can grow not just a strong business relations and stronger trade but sharing tourism is always a way to increase understanding among nations.” 

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