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Obama Seeks 'Meeting of the Minds' With Hu in Beijing Talks

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By Edwin Chen and Julianna Goldman



Nov. 17 (Bloomberg) -- President **Barack Obama** meets again with his Chinese counterpart, **Hu Jintao**, today to continue what the U.S. leader called "a meeting of the minds" about how their nations can lead on global issues.

During a town-hall session with university students yesterday in Shanghai, Obama said a deeper relationship between the U.S. and China is critical to economic growth in both countries and essential to confronting global issues such as climate change. The agenda will also include discussions on trade, currency, the global economy, North Korea and Iran.

In China for his first-ever visit, Obama arrived in Beijing last night and had dinner with the Chinese president at the Diaoyutai State Guesthouse -- in the same villa where then-President **Richard Nixon** stayed during his landmark 1972 visit to China -- before more formal meetings later today at which they'll take up the substantive issues between the two nations.

Obama is "trying to reassure Beijing that we want a good constructive relationship, not trade protectionism, and on the other hand we're trying to reassure Asia that we're not going to acquiesce in a future Chinese hegemony in the region," said Ted Carpenter of the Cato Institute.

"That's a delicate balance to put it mildly," said Carpenter, vice president for defense and foreign policy studies at the Washington-based policy research group.

Conciliatory Tone

Obama has struck a mostly conciliatory tone toward China during the first half of his eight-day Asian trip. In Shanghai yesterday, Obama told his student audience that the U.S. "insists we do not seek to contain China's rise."

"On the contrary, we welcome China as a strong and prosperous and successful member of the community of nations -- a China that draws on the rights, strengths, and creativity of individual Chinese like you," he said.

Still, the president used the same forum to prod China on human rights and freedom. In addition to speaking to and taking questions from a group of about 400 students selected by their universities, Obama also answered queries submitted via the Internet.

That provided him an opening to talk about "universal rights" of freedom of expression and religion for all people and groups "whether they are in the United States, China, or any nation."

Internet Access

He also called unfettered Internet access a source of strength for any nation. China, with more than 330 million Internet users, blocks access to Web sites such as the Facebook social network and those dealing

with sensitive political issues such as the 1989 Tiananmen Square uprising.

"Unrestricted Internet access is a source of strength, and I think, should be encouraged," Obama said, adding that the criticism he receives in the U.S. "makes me a better leader because it forces me to hear opinions that I don't want to hear."

Obama focused primarily on areas of cooperation during the hour-long forum and will seek to strengthen those ties in his meetings today, administration officials have said. Climate change was one prominent area in which Obama said the U.S. and China have an opportunity to lead the world together.

"Unless both of our countries are willing to take critical steps" to deal with carbon emissions, "we will not be able to resolve it," Obama said.

Peter Morici, a professor of business at the University of Maryland in College Park, Maryland, said "the Obama approach of 'we're in this together' has failed with China" because "the Chinese view foreign policy in terms of national interest, not global community."

If the U.S. caps emissions China will not follow suit, and that will create more manufacturing jobs in China and "an opening to further exploit American weakness," Morici said.

Trade

Trade and the global economy are other top issues for Obama while in China, the third stop on a four-nation trip to Asia. He told his audience yesterday that trade between the U.S. and China has driven economic growth in both countries and that a more balanced relationship will provide greater prosperity.

"This trade could create even more jobs on both sides of the Pacific," Obama said. "As demand becomes more balanced it could lead to even broader prosperity."

The administration estimates that every percentage point of increase in U.S. exports to Asia could create 250,000 U.S. jobs, according to **Michael Froman**, Obama's deputy national security adviser for international economics.

His comments come after the weekend's Asia-Pacific Economic Cooperation forum in Singapore, where some leaders expressed concern about his commitment to free trade.

Import Duties

Obama decided in September to impose duties of 35 percent on \$1.8 billion of automobile tires imported from China. A month later, the U.S. imposed duties of as much as 99 percent on Chinese steel pipe after American producers led by U.S. Steel Corp. complained that the imports were being dumped at below-market prices.

While Obama has credited China's economic stimulus efforts with aiding the global recovery, he said before leaving Washington that he expected to raise the issue of China's currency peg to the dollar.

China has kept the yuan at about 6.83 per dollar since July 2008. Some lawmakers in the U.S. have been calling for the administration to put more pressure on the Chinese, saying the yuan's value is unfairly undercutting U.S. companies.

China's Comment

A spokesman for China's Ministry of Commerce said yesterday that international pressure for appreciation of the yuan "is not conducive to a global economic recovery and is not fair."

The spokesman, **Yao Jian**, said at a press briefing in Beijing that China must provide "a stable and predictable environment in terms of macro-economic and exchange rate policies."

In addition to economic issues, Obama's agenda includes pressing China to take a tougher stance on Iran, which the U.S. says is seeking to develop nuclear weapons capability. China has been reluctant to back more sanctions against the Islamic republic.

Over the weekend in Singapore, Russia's president **Dmitry Medvedev** and Obama said time was

running out for Iran to accept terms of a deal offered by international negotiators and suggested they are moving closer to discussions new sanctions against Iran.

China also is a key player in the six-party talks on North Korea's nuclear weapons program.

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