

## Economy Trade the Focus of US Talks in Beijing

Jim Stevenson | Washington

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The annual high-level Strategic and Economic Dialogue meeting between the United States and China will be held in Beijing beginning next Monday. The talks are aimed at reducing strains between the big nations on trade and currency concerns.

The dialogue will be co-chaired by State Councilor Dai Bingguo and Vice Premier Wang Qishan. The United States is represented by Treasury Secretary Timothy Geithner and Secretary of State Hillary Clinton. The first round under the Obama administration was held in Washington last year with the goal of strengthening understanding, increasing mutual trust and boosting cooperation.

The issues are wide and complex. Wan Ming is the Director of Global Affairs Program and Professor of Government and Politics at George Mason University in Virginia. "I think one has to be realistic at how much can be actually be achieved at this political meeting. The reason is I believe there are limitations about how much can they can discuss," he said.

The global economic downturn and somewhat slow recovery has affected the dynamics of talks between the United States and China. Professor Wan says while the U.S. team will not have as strong a position to press its concerns, China understands it is dealing with its largest export market. "On the Chinese side, we also see a sort of greater confidence because China fared well or even better in the global recession. And there is a lot of pressure on the Chinese government to yield on what they perceive as pressure from the United States," he said.

James Dorn is the Vice President of Academic Affairs at the Cato Institute in Washington. He says China's better financial condition will likely slow calls for currency reform. "The economic conditions have changed dramatically. China is not looking as much to the west any more. It is feeling its power as a rising power. And it has basically been counseling the United States that they ought to get their own financial and fiscal house in order before telling China what to do on the currency issue," he said.

U.S. President Barack Obama has been under pressure from Congress to formally label China as a currency manipulator. China, which denies it is manipulating its currency, has warned that could damage ties. Trade protection measures by both nations have

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boosted strains in relations.

But James Dorn says a careful and open approach can create a positive long-term climate. "If we have open relations with China, open trade relations, we can work out our problems fairly peacefully over time and both countries benefit. China is still our leading export market, or our fastest growing export market is in China. We have to be careful that it does not deteriorate to a destructive protectionism because of special interest either in China or the United States. I think they both would agree to that," he said.

Beyond trade, professor Wan Ming says the United States and China will have to engage in many areas while being careful not to shut out the rest of the world. "If they really want to engage in strategic discussion, they really have to talk about many issues including energy, including Africa and other regions. But it is very difficult for them to discuss that, partly because then that would make it almost like a group of two that is running the world," he said.

With so many important issues and just two days of high-level discussions, professor Wan cautions not to expect any major announcements from the meetings. "We are probably not going to see major tangible results from these meetings. But a conversation is always helpful," he said.

Whatever the outcome in Beijing, a joint statement will be made on Tuesday.

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