

Treasury's Lew Visit Marks U.S.-China Re-Engagement

Christopher Bodeen, Joe McDonald, Associated Press

BEIJING (AP) — The U.S. and China began to re-engage Tuesday on knotty issues ranging from economic frictions to North Korea's nuclear program following a months-long hiatus during President Barack Obama's re-election and China's installation of new leaders.

Chinese President Xi Jinping met Tuesday with visiting U.S. Treasury Secretary Jacob Lew in the first high-level exchange between the sides in six months and the start of a series of meetings that will test the potential for cooperation between the world's first- and second-largest economies.

Although the relationship is colored by mutual suspicion, the two sides now discuss an ever-broadening agenda, from military cooperation to food safety, said Jin Canrong, an associate dean of the School of International Relations at Beijing's Renmin University. And their relatively swift resolution of a potentially crippling crisis last year over a dissident who sought U.S. protection seemed to take the relationship to a more stable level, he said.

"China-U.S. relations are much more mature than they were before, but the atmosphere is still strained," said Jin, who frequently consults with leading Chinese diplomats.

Tuesday's meeting between Xi and Lew came amid great misgivings in Beijing over Washington's renewed focus on the Asia-Pacific region and Washington's concerns over China's reluctance to pressure its mercurial ally North Korea and Beijing's alleged state-sponsored computer hacking.

However, both men stressed the importance of the U.S.-China relationship.

"The president is firmly committed to building a relationship of growing strength," Lew told Xi during their meeting at the Great Hall of the People, the seat of China's ceremonial legislature in central Beijing.

Lew said Washington wants to work with Beijing to reduce trade and investment barriers and to "protect the work of our innovators" — a reference to complaints about rampant Chinese copying of foreign goods from Hollywood movies to software and telecommunications technology. He said the U.S. government looks forward to China's growth as a market for foreign goods.

Xi told Lew he attached "great importance" to ties with the U.S. and looked forward to more fruitful cooperation, but offered no specifics before reporters were ushered out of the meeting.

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The two sides have "some differences" but said they have "enormous shared interests" and should "handle this relationship from a strategic and long-term perspective," Xi said.

At a later 45-minute private meeting, Lew raised exchange rates, intellectual property, cybersecurity and North Korea, according to a U.S. official who briefed reporters on condition of anonymity. The official gave no other details

Lew's also is scheduled to meet with new Chinese Premier Li Keqiang on Wednesday.

A security firm, Mandiant, said last month it traced electronic break-ins at more than 140 companies to a military unit in Shanghai. The Chinese government rejected the report and said it also is a victim of hacking, much of it traced to the United States.

The secretary's visit marks the highest-level interaction between the sides since former defense secretary Leon Panetta's brief trip to Beijing in September. U.S. Secretary of State John Kerry also plans to visit Beijing next month.

Xi has had more exposure to the U.S. than previous Chinese leaders, having traveled there a half-dozen times and sent his daughter to Harvard, and the two sides now discuss issues ranging from humanitarian relief to shoring up the fragile global economic recovery. Relations last year weathered a potential storm when China agreed to allow dissident Chen Guangcheng to depart to the U.S. after he holed up in the American Embassy in Beijing.

Yet, Xi is also seen as a strong nationalist willing to defend what he considers China's core interests whatever the cost to the country's overseas reputation. Beijing is locked in territorial feuds with Japan and several Southeast Asian nations that threaten to draw in the U.S. and has refused to follow the West in efforts to end the bloodshed in Syria.

Engagement with Washington is also dogged by skepticism over America's new Asia-Pacific security focus that has fueled Chinese fears of encirclement, as well as the ages-old ideological battles over human rights and democracy. Intent on seizing the title of Asia's dominant power, Beijing has bitterly criticized moves by the U.S. to reassert its presence in the region through strengthened relations with friendly states, including a decision to base U.S. Marines in northern Australia.

In an interview on Australian television last week, former U.S. Assistant Secretary of State Kurt Campbell said it was still too early to read Xi despite having spent hours with him in both the U.S. and in China. Campbell said Xi was "about the most guarded individual that I interacted with."

"Part of our relationship is based on trust and confidence and very deep economic and cultural engagement, and part of it has clear components of distrust and uncertainty," Campbell said.

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Xi is taking a safe course for his first trip abroad, heading next week to a fellow critic of the West, Russia, on his first overseas visit as president. That will be followed by meetings in South Africa with heads of other emerging economies.

Xi isn't scheduled to meet with Obama until a gathering of the G20 nations next September in St. Petersburg, Russia.

Washington and Beijing have fundamental differences over human rights, intellectual property rights, fair trade and the level of responsibility in trying to end the conflict in Syria and curb international nuclear proliferation. But both sides will probably allow those fundamental differences to go unresolved for now, said Yu Maochun, an expert on Chinese politics at the U.S. Naval Academy in Annapolis, Maryland.

"Leaders of both countries have labored diligently to maintain or manage a stable Sino-U.S. relationship that is based on some shaky foundations, but we loathe to work on the fundamentals," Yu said.

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