

Conference Keynote Summaries

*Summary of Remarks by Ambassador Christopher R. Hill,
U.S. Assistant Secretary of State for East Asian and Pacific Affairs,
on Current and Future United States-China Relations*

Ambassador Christopher R. Hill, United States Assistant Secretary of State for East Asian and Pacific Affairs and the U.S. envoy to the six-party negotiations on North Korea's nuclear program, delivered the opening keynote address at the University of Chicago's *China and the Future of the World* conference on April 28, 2006. He was introduced by Daniel Michaeli, the conference chair.

Ambassador Hill began with remarks on the importance of the economic ties between the People's Republic of China and the state of Illinois, mentioning particular key American interests such as Motorola, Boeing, Archer Daniels Midland, and the agriculture industry. Ambassador Hill observed that 15 million new jobs are needed each year in China for new entrants to the job market, one requirement for the economic growth of 8 to 9% that China's leadership needs to achieve annually to maintain its hold on government. He noted further that Deputy Secretary of State Zoellick's formulation of the desired role for China in the world community as a "responsible stakeholder" has been well received in Beijing. China's focus, however, remains its own economic development.

On the subject of U.S.-China relations, Ambassador Hill described a complex relationship requiring comprehensive bilateral cooperation on shared interests and global responsibilities. He said that President Hu Jintao received a very respectful and cordial reception from the American people and President Bush during his trip to the United States a week prior to the conference. Ambassador Hill condemned the disruptive protest of a Falun Gong journalist on the South Lawn of the White House during that visit, saying it distracted media coverage from the great successes of bilateral dialogue in recent months. Considering the state of relations just thirty years ago, when the U.S. and China began approaching each other, tremendous progress has been made in the U.S.-China relationship. America now "welcomes the emergence of a China that is peaceful and prosperous and that supports international institutions," Ambassador Hill said.

Ambassador Hill noted that President Hu has come to agree with the United States that China needs to build its own domestic consumer market and to move away from a purely export-oriented economy, which is good for American businesses. During the question-and-answer period, Ambassador Hill noted that China's annual merchandise trade surplus with the United States of 200 billion dollars was politically hard to sustain. The fact that China holds a substantial portion of the U.S. national debt, though somewhat controversial in the United States, ties U.S. and Chinese interests together and makes it highly unlikely the Chinese would ever try to harm the U.S. economy by selling all its treasury investments.

On economic issues, Ambassador Hill detailed some of the accomplishments of the recent Joint

Commission on Commerce and Trade, where the Chinese agreed to allow U.S. beef imports, to mandate that computer sales in China include legitimate pre-loaded software, and to subject government procurement policies to WTO scrutiny. Unfortunately, China has yet to agree to adopt a flexible market-based exchange rate for its currency. Still, agreements and discussions on topics including energy conservation, avian influenza, and balancing trade are highly valuable and are making good progress.

There is also much room for China's active engagement on matters of international security. Ambassador Hill said there are now greater bilateral military-to-military discussions, including exchanges of both senior-level and mid-level officers; however, more needs to be done to increase Chinese military transparency and reduce misunderstanding of China's intentions. On the pace of negotiations on North Korea's nuclear program, Ambassador Hill remarked, "I have occasionally been one to tell the Chinese that what we need from China is a little less patience."

During the question-and-answer period, Ambassador Hill elaborated on China's engagement with North Korea, saying he was highly impressed with the quality of the Chinese negotiators, but China should do much more to pressure the North Koreans. As the DPRK's main trading partner, "China should take some responsibility for the fact that that little country started producing nuclear weapons" and should consider connecting trade to the overall diplomatic effort, he said. North Korea is currently boycotting the talks because of a 20 million dollar freeze of DPRK assets in a Macao-based bank, which is "frankly inexcusable" in light of the incentives of 20 million dollars a week that would come from just one week of the energy provisions of the six-party agreement signed in September 2005. Ambassador Hill said that he is worried that "[the North Koreans] just haven't quite gotten to the point where they want to implement the thing."

Moving on to other international security issues, Ambassador Hill pointed out that China has worked with the United States in the UN Security Council to achieve international consensus on Iran's nuclear program, helped to support new sovereign governments in Iraq and Afghanistan, and expressed interest in helping to support a peacekeeping mission in Sudan with the consent of Khartoum. In response to later questions, Ambassador Hill noted that China has difficulty supporting the use of sanctions, which is inhibiting some key U.S. diplomatic initiatives, but he has faith in being able to work through these issues with the Chinese government.

Ambassador Hill expressed optimism about the Taiwan issue, saying unequivocally that the U.S. does not support Taiwan independence and believes the PRC understands the importance of not taking unilateral actions that could be construed as provocative. During the question-and-answer period, he highlighted the extent of Taiwan's importance to China's economy, saying that the use of force to resolve the issue would be "catastrophic" for both China and Taiwan. One attendee asked about the appropriate role of the United States in the China-Japan relationship. Ambassador Hill said the United States is very proud of its relationship with Japan and it is important to the U.S. for Japan and China to have a good relationship, but the U.S. does not mediate between Japan and China.

During his talk, Ambassador Hill emphasized the importance of human rights and religious free-

dom in China, pointing out that President Hu himself commented that if there is no democracy there is no modernization. The free flow of information will be essential to China's shift to an innovation-driven economy based upon hope and openness, which are antithetical to the imprisonment of journalists and suppression of dissent, Ambassador Hill said.

In response to a question, Ambassador Hill stated that the United States would like to see peaceful political change in China. Ambassador Hill remarked that Americans, including members of the U.S. government, are still absorbing new information and changing their views about China. He said that Americans and Chinese still view each other as "a bit of a mystery."