

Center for American Progress



SPECIAL PRESENTATION

“CONGRESS AND U.S. POLICY TOWARD CHINA”

MODERATED BY:

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FEATURED SPEAKERS:

**REP. MARK KIRK (R-IL), CO-CHAIR OF THE
U.S.-CHINA WORKING GROUP**

**REP. RICK LARSEN (D-WA), CO-CHAIR OF THE
U.S.-CHINA WORKING GROUP**

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MS. CAROL BROWNER: Good morning. Let me begin by introducing myself. I'm Carol Browner. I am a board member of the Center for American Progress. For those of you who are not familiar with the Center, we are a 501(c)3 committed to progressive values and helping to educate and inform people on the issues that are important in the world today. One of the ways in which we do that is through forums where we invite well respected and knowledgeable people in a particular area, perhaps with different points of view, to discuss those issues.

And so we're very, very pleased to have with us today Congressman Kirk and Congressman Larsen. They join us because of their expertise on China. I think, if I'm correct, you co-chair the U.S.-China Working Group. Together, you have introduced any number of pieces of legislation important to the ongoing U.S.-China relationship, and perhaps most importantly for this discussion, you just returned from a trip to China and so were able to see some of the issues we've all been reading about in the papers firsthand and talk to Chinese officials about these issues.

What we're going to do is we have a couple of discussion questions we're going to kick it off with and then, as we always do in these forums, we will open it up to some audience questions. We anticipate this will be about an hour long, for those of you who are watching your schedules.

So my first question, and this will probably come as no surprise, being the former administrator of the Environmental Protection Agency, I thought I'd ask about the environment. And I'd be interested in sort of what you saw and what you heard while you were there, and if you have any insight to what role China may play in this new round of discussions and negotiations about climate change?

And, Rick, why don't we start with you?

REP. RICK LARSEN (D-WA): Sure. Thanks. I want to thank the Center for American Progress for putting this on this morning and inviting Mark and I. Just a quick commercial about the U.S.-China Working Group. Mark Kirk came to me about two years three months ago and had this idea that we should start a working group or a discussion group regarding China to try to educate members of the House of Representatives about China because the only discussion that seemed to be taking place about China seemed to be taking place on the floor of the House of Representatives, which frankly is the last place you want to start a discussion on anything.

And so we sort of bought low – if China – if the issue of China was stock, we sort of bought low because we started this right around the time the CNOOC debate in the U.S. House of Representatives where the U.S. House was taking a vote of whether or not to condemn CNOOC's effort to purchase Unocal. So things were pretty low in terms of the U.S.-China debate, but over the last two and a half years or so things, I think, have improved.

But with regards to the environment, I think you'll find that through the strategic economic dialogue that Secretary Paulson has started – the secretary of treasury – although it's called the Strategic Economic Dialogue, probably the one issue over all other issues that provide the best opportunity for cooperation between the U.S. and China is, in fact, on the environment. It's obviously certainly a special – the environment holds a special place for Secretary Paulson, it's a special interest for him, but it is also a place where U.S. technology can help solve a Chinese problem.

Just a quick example of one thing that we saw not on this trip, but a previous trip. We went out west to Lanzhou in the Western Gansu Province and visited the western end of the Great Wall. And most people that go to China see the Great Wall of China closer to Beijing. This is the western end. The palace there is well preserved, the wall there is well preserved, and everything is caked in coal dust because of the steel mill powered by coal in that western end of Gansu. And so, just – you know, this relationship between the environment and what China has to offer, I think really showed up in stark terms to me on that particular trip.

MS. BROWNER: Do either of you see any emergence of a sort of NGO movement, a grassroots environmental movement? I mean, given the fact that some of the people are starting to really experience some of the health consequences associated with pollution, and the fact that I think its *Foreign Affairs* this month says that the Chinese government estimates that they will, because of climate change, experience a 30 percent decrease in precipitation in their major agricultural areas.

REP. MARK KIRK (R-IL): I think they need to. You know, China is obviously still a Communist dictatorship, and the problem in how a society deals with environmental issues is radically different from the United States and China. In the United States, when we have a situation like I recently had in Chicago – BP announcing a plan to pollute Lake Michigan – the public outcry was so heavy and so strong, Republicans and Democrats in elected office moving against BP so quickly that the problem quickly resolved itself through the elected representatives of the American people to handle an environmental problem.

In China, if the local party secretary does not handle the issue of a paper mill or a factory polluting the downstream community, the community will rise up and go kill the plant manager. Wen Jiabao gets a briefing on domestic disturbances every day. This is a critical issue facing the National People's Congress is we talk about building a harmonious society, about the "Go West" strategy and how does the social contract hang together if you're not a democracy. Environmental issues, I would say, are either the number two or number three issues in China. And it directly impacts the social unrest or social compact facing the Communist Party, at a time when the Party Congress is just around the corner. And so this is a critical issue.

MS. BROWNER: Do you – in terms of the international discussions around climate change, do you see any movement in terms of the position they'll take? I think

it's interesting to note the relationship that China has – the increasing relationship with developing nations, and whether that might inform their thinking as they –

REP. LARSEN: My personal assessment is that if China sees making internal changes to help the global climate in its benefit, then the apparatus – the government apparatus, will make those changes. It's not that every country sort of is always benevolent and does things for other countries instead of just itself, but in the short time that Mark and I have been involved in the issues of China, I've concluded at least to this point that although China wants to be a great power, they still have not sort of stepped up to what that means in terms of collective responsibility, in terms of seeing itself in the rest of the world and be the leader in the rest of the world.

And so I think, on the environment – because the environmental issues are so tied to economic growth in China that unfortunately, I think, for the global climate, China will always pick growth first instead of try to find some better balance, unless they see it in their best interest. So part of our challenge in the U.S. and the rest of the world, I think, is to try to help China see how it's in the best interest to make some of these changes.

MS. BROWNER: Mark, one of the things you mentioned was what happens to a plant manager that's not doing their job. (Laughter.) I think many of us read with – particularly former regulators – with some aghast what happens to the FDA regulator when they're perceived not to their job in China, and the issue of product safety. Can you speak to that? And sort of what you – is something changing? You know, as consumers, should we feel some greater confidence?

REP. KIRK: Right now, I wouldn't have a lot of confidence in the system. We have a number of recalls. We met, during our most recent mission, with Vice Minister Wei of the – who is the leading minister in charge of product safety and quality measures for the exports of China. They opened the meeting by talking about how the head of the FDA in China was executed. And we said that might not be the systemic change that we're looking for.

We explained that this was a very emotional and real issue in every village in America and somewhat because of how it unveiled, that because of contaminated wheat gluten being added to gravy and bits in high-end pet food, that by representing a danger to America's pets you hit a very emotional center for 21st century American life, followed by dangerous toys. So we were grabbing the third rail and then the fourth rail at the same time as far as American emotion.

We had a tough message for the Chinese, which is we hope that you increase your product safety, but we're not going to wait to act, that Chairman Dingell, that the House of Representatives, the Congress is going to move with alacrity on product safety legislation. As Chairman Dingell told us, the hearings have already begun, but the bill's already written. And I think that bill will come to the floor in its current form. It would have a huge amount of bipartisan support.

And basic ideas behind that legislation: Deploy U.S. FDA and Consumer Product Safety Commission inspectors to China to follow the model of the Port Security Initiative, where U.S. customs and Chinese officials are working side by side to increase the fines for imports into the United States from \$50,000 – sorry, from \$500,000 to \$50 million and to get a handle on this problem. The Chinese said that they are moving product safety legislation too, as part of the National People’s Congress, but they won’t enact until Christmas. And Rick’s favorite phrase in Chinese is but the problem is in many places of China as they say, the mountains are very high and the emperor is far away. While the law can be very good in Beijing, how it’s implemented is oftentimes the key issue in China.

MS. BROWNER: Right. Enforcement can be very difficult.

REP. LARSEN: And if I may, we went on this most recent trip to discuss mainly counter-narcotics and counterterrorism and the way the U.S. and China might cooperate. We ended up spending most of our time talking food and product safety. And the second thing that Vice Minister Wei told us was that this was overblown. This issue of food and product safety was overblown. There was a lot of the propaganda, that was only 1 percent of the problem. They wanted to fix the 1 percent of the problem, but still that they saw this as one just more issue that the U.S. was going to use to leverage China on some other issues. And our message back was that that isn’t the case. You know, our impression is it’s not the case. The food and product safety is a big problem, but is its own problem, and if gets bigger than its own problem, we will start leveraging it on other issues.

And the second thing was that – you know, we said – I told them if I tried to explain remimbi evaluation to my mom, arbitrage trading, currency exchange rates to my mom, it’d be very difficult. I can barely explain it to myself, much less explain it to my mom. But if I started talking about the toys that her 13 grandchildren played with and whether or not there was lead paint on them, my mom would explain what that meant to her in very stark terms.

The point is we aren’t making this up. This is a very real problem and needs to get solved. And if people go shopping this Christmas season, this holiday season looking for toys not made in China, then retailers are going to have a problem, China’s going to have a problem, the toy maker’s going to have a problem. It’s going to be everybody’s big problem and so it’s in everyone’s interest to get this solved.

MS. BROWNER: The legislation –

REP. KIRK: One last thing, too, is that this is a great concern of the Chinese middle class itself.

MS. BROWNER: Because they’re buying the same products.

REP. KIRK: Because they’re buying the same products. And these stories are also repeated in the Chinese media.

MS. BROWNER: Interesting. I want to go back to the legislation just for a moment. The penalties that are being discussed, they would be assessed against an importer of a product that didn't meet U.S. safety standards?

REP. LARSEN: Right. Yes. And this is very – this is an interesting aspect to it. You sit down with some of the – some, I won't say all, but some of the U.S. business community in China and their concerns are that if this problem – who have nothing to do with food safety and toy – product safety and pet food safety, but they see this as a problem for them because of the potential for tit-for-tat, right? The Chinese are going to start finding other things that are problems. And so while we were over there, there's a concern about Nebraska red soybeans that comes from nowhere. The wood packaging – the Chinese inspectors magically found a little bug in some wood packaging while we were over there, that was being used to package something that was being imported into China.

This tit-for-tat could explode into something bigger and as a result, some of the U.S. business community frankly was telling us the – not the retail community in the U.S., but the importer community in the U.S. needs to have some of this – feel some of this pain as well, so they can take care of their supply chain.

MS. BROWNER: Right. The – let's stay on Congress for just a second. You mentioned one piece of legislation. Let's talk about the trade imbalance. That might be something your mother could understand too. Trying to understand arbitrage, but I think most Americans understand that somehow or another there's a trade imbalance and it's not working in our favor. What can Congress do? What should Congress do?

REP. LARSEN: I don't know if you're talking to the right guys about that. You know, I talked with some of my colleagues who believe that every job that they've lost in their district has been lost to China. Whether or not that's true, I don't know. I doubt that it's true, but if we were to take actions in the Senate or the House and made them into law and some of the things that some people want to do, whether that's increase tariffs or countervailing duties or so on, the potential for job loss in my district increases exponentially.

As sympathetic as I am to my colleagues, I don't want to be in the position that they're in in terms of losing jobs in my district, because of actions that we take. So I think when it comes to the trade imbalance and relationships between currency and so on, as difficult as it, my personal view is a job going to the Chinese and letting that currency evaluate slowly is probably in our own best interest, much less getting our own budget deficit under control as well. And we own some of this problem ourselves. So it's not one thing that's going to resolve it, it's a couple of things. But that's – that helps my district the best.

MS. BROWNER: So any different point of view on the Republican side of the aisle? I mean, not you individually, but –

REP. KIRK: No, I – well, Rick and I, we’re bipartisan kind of guys. We tend to be known for criticizing our own parties more than the other party. But I – Amity Slage (ph), for example, has a great book about how aggressive congressional action on trade turned the recession of 1929 into a depression. Had we listened to the voices in Congress on antitrade voices against Japan, we would have made critical errors in that relationship and with the U.S. ally. And no one is calling for a trade war with Japan now. When we look to China, we already see a vast migration of very low-cost production moving out of China because their wage structure is rising so quickly, to Vietnam, Malaysia, and other places.

And so I’m in a district that is heavily export-related. The American media will not publish this chart, but the chart that they refuse to let out is a raw number – a raw amount of U.S. exports over the last ten years. They don’t want you to see that chart, but that chart is a great explosion in the business that American exporters are booking overseas.

MS. BROWNER: So we’re sending our raw materials and we’re getting them back as products?

REP. KIRK: No. U.S. exports. We’re the number one exporter on the planet, and our –

MS. BROWNER: Oh, globally.

REP. KIRK: Right. This is why the *New York Times* will never publish that report or that draft, because it tells a stark picture of the success of U.S. exports. And I feel it very directly. Many of my families earn their income at Motorola in Chicago. It’s the best recognized trademark in China.

I was very encouraged the other day when we were at the Hu Jintao lunch over at the White House and Hu Jintao being – this last year – Hu Jintao being a Taipei personality got a little bored during the entertainment, and he did what we all did: he reached down and he pulled out his cell phone, which was a Motorola Razr. I liked to see that the head of state of China had an American cell phone in his hand. As to America’s largest exporter – Boeing – as to America’s number one airline – United, also based in Chicago. This is a message that Mayor Daley has carried very strongly to Illinois Democrats is we will have unemployment in Illinois if you attack the export sector, and a trade war with China is attacking the export sector.

REP. LARSEN: Say one thing. One area where Mark and I will disagree is that he’ll attack the *New York Times* and I won’t. (Laughter.) The other –

MS. BROWNER: Let’s switch to Taiwan for a second.

REP. LARSEN: Just quickly on the economy – one more thing is that President Hu Jintao’s effort to shift from export-led economy to a consumer-led economy is very positive for the U.S., and one area where we ought to help focus our efforts, perhaps

through the (unintelligible) strategic economic dialogue, and just finding ways to continue pushing that effort in China to create a consumer-led economy because that's going to help our export position over time.

MS. BROWNER: Let me ask you a question about Taiwan. Taiwan recently unveiled a plan to hold a referendum on whether to seek United Nation's membership under its own name. Were you guys in China when this happened?

REP. KIRK: Just after we left.

MS. BROWNER: Just after. What's your take on it? What's Taiwan thinking? How does this all play out?

REP. KIRK: Well, what we were struck by is Rick and I have now been through our 50th and 51st Taiwan monologues – (laughter) – in China. So if he or I could either do the Defense Ministry or Foreign Ministry version of that monologue, the only thing I would say –

REP. LARSEN: In the original language.

REP. KIRK: Yes, either in Cantonese or in Mandarin. But what I was struck by was it is really strong at this point. I've never heard it this strong. And I think it reflects the Chinese government feeling a sense of political vulnerability. They have now committed over \$40 billion dollars to the Olympic Games. This is China's 21st century coming out party and they are uniquely politically vulnerable to any potential crisis which can harm these games. And so the tension is quite high, and we've picked that up strongly.

REP. LARSEN: Yes, I would agree on that. The intensity, we've heard the speech a lot – many times. The intensity level this time was higher than I've ever heard it in terms of it was being delivered to us from the Chinese. And there's a couple of things going on obviously. One is that President Chen Shui-bian of Taiwan is done in March, his term will end, and so he's done and he's – somewhat of a legacy he wants to leave. Second, the party he represents has been seen as more of an independence party than not, but for a variety of reasons has not – never fully acted on pursuing independence.

And the referendum that will presumably be on the ballot – it's not yet on the ballot – in next March's election on the Island of Taiwan presumably would direct Taiwan to pursue UN membership under the name Taiwan. And I just heard this morning they were – UN again – once again rejected Taiwan's membership, but they've always applied as Republic of Korea, but this would be – of China, Republic of China – but this would be as Taiwan. And so the Chinese see this as a step towards independence. And so you couple that perhaps Chen Shui-bian looking for legacy, a step towards independence, the Olympics, and Taiwan being what China calls a core national interest, and the temperature on this thing just increases exponentially.

MS. BROWNER: Before we go to the audience for a few questions, you mentioned the Olympics. So can they clean the air in Beijing for the Olympics?

REP. LARSEN: I guarantee you for the two and a half weeks the Olympics is in Beijing, the air will be 100 percent clean.

MS. BROWNER: But, Rick, they're going to have to start at least two weeks before given how the air pollution works.

REP. LARSEN: Four and a half weeks, whatever it's going to be.

MS. BROWNER: So we're talking about four weeks of not driving?

REP. LARSEN: I don't know how they're going to do it, but it will be clean. Right now, they are doing it.

MS. BROWNER: There are days.

REP. LARSEN: Well, they're shutting down factories and rebuild them out, and kicking people of a land elsewhere and piping the power into the city. I mean –

MS. BROWNER: Are you as optimistic?

REP. KIRK: You know, this is not a democracy. So this bill –

MS. BROWNER: That's how you do it.

REP. LARSEN: Right, yeah.

REP. KIRK: – this will be done. It's difficult to describe for those who haven't seen the size of this Olympic Games. When we think about Salt Lake City or Los Angeles or Atlanta, we think about games that paid for themselves. These games in no way can pay for themselves. This is an enormous public expenditure. I'm not sure China – China has definitely changed the Olympics and set the bar very high. I'm not sure China realizes how much the Olympics will change them, you know, that an official party and related media of 100,000 people coming to Beijing and not entirely controllable. And so this will require a greater level of patience and acceptance of diversity and opinion, as the games go on. They say they're ready for it. They certainly – you know, this is near the top of their national priorities, and so I do expect that the emissions in the Beijing metro area will be uniquely low –

MS. BROWNER: For those of you have never traveled to China, there are days when you wake up in your hotel in Beijing on the – what – 30-something floor and you can't see the hotel across the street from you. And you think about what your lungs are going to feel like when you go outside, especially in the winter.

REP. LARSEN: I'll tell you – yeah – Mark wasn't kidding when he said \$40 billion. That's what they've spent on new infrastructure, the building, the new venues themselves, and 12 new venues throughout Beijing in the surrounding area just for the Olympics. And – but I think either we gain (unintelligible) pretty well, I think what – I think China will be surprised, however, by the exposure. I don't think they know what's coming in terms of international media coming into China, and what the international media will want to report, and the day the media can't report it, is the day that the Olympics will go badly for China.

MS. BROWNER: Right. I agree. I mean, this is their global coming out, and the level of scrutiny they are going to find themselves under from this media pool is significant. And I think, you know, from my perspective, you know, for the world's good, I hope it goes well. I hope that it's on balance, a positive story, but it is full of potential pitfalls.

REP. LARSEN: Yeah.

MS. BROWNER: Let me open it up to the audience for some questions. Let me ask if we have any reporters, we're happy to take you first, and if you don't – right here – you don't mind identifying yourself? We'll get you a mike.

Q: Thank you. (Unintelligible) Bertmann (ph), *Deutsche Welle*, German International Radio. I have a question about Tibet. The Dalai Lama is coming to Germany at the weekend. He will meet the German Chancellor and China has protested against it. So have you talked about Tibet with people you met and what's the U.S. policy concerning Tibet?

REP. LARSEN: Well, the – we did have a meeting with (unintelligible) affairs assistant vice foreign minister – assistant foreign minister on foreign affairs –

MS. BROWNER: Foreign Affairs.

REP. LARSEN: Yeah.

REP. KIRK: American portfolio.

REP. LARSEN: Yeah, in charge of North America portfolio, and the Chinese were very clear to us that they were upset. They see Tibet as, again, a core national interest – very upset that U.S. Congress – House, Senate – were going to present a Congressional Gold Medal to the Dalai Lama sometime next month. And again very clear they said it could impact U.S.-China relations, and our response was, we'll sent that message back. But you know, if the U.S. Congress wants to present a Congressional Gold Medal to the Dalai Lama, the U.S. Congress is going to present a Congressional Gold Medal to the Dalai Lama. You know, Luxembourg couldn't stop us. No country, no country could say anything that would stop Congress from doing that. So I really don't know what else –

MS. BROWNER: I see this is a bipartition position.

REP. LARSEN: Really didn't know what else to tell him, you know.

REP. KIRK: Right, yeah. It's democracy.

MS. BROWNER: That's the way it works in – over here.

Q: Peggy Chang with *Voice of America*, China branch. Congressmen, I was wondering if you could talk about recently there a lot of reports about Taiwan, about that UN bid and how the United States relationship with Taiwan is deteriorating and how it's getting closer to China. I mean, at least in the Chinese media there is speculations about how this U.S.-Taiwan-China relations changing the dynamics from ten years ago, for example. What is your take on that? How – what do you see, like, the U.S. government's relationship with China and Taiwan changing, like, at present?

REP. KIRK: I'd say things have changed quite a bit in the last ten years. One of the reasons why we formed the U.S. working group is China – Mainland China – is just more important to the United States across the board. When we think of our relations with China in the mid-1970s, the liaison office that George Bush, Sr. opened up processed 32 visas in a year, and this was the China card where about our relationship and its triangulation against the Soviets was the only dialogue worthwhile.

At this point, the U.S. Embassy in Beijing is processing several million visas and entry of U.S. tourists into China. When you look across the board of North Korea, Iran, Darfur, product safety, the proliferation of security initiative, currency, cell phone standards, aircraft sales, you know, the impact of China on the United States is vastly greater than it ever was.

For us, we put forward bipartisan legislation of Diplomatic Expansion Act to dramatically increase just the footprint of the U.S. government in China, because China is so large. We don't have a consulate in the city of Wuhan, which has over 9 million people in it. And so this has changed quite a bit. If I had looked at U.S.-China trade compared to U.S.-Taiwan trade 20 years ago, Taiwan clearly eclipsed China. Now, it's the other way around and that does have a direct impact on the diplomacy and the dialogue between the two countries.

REP. LARSEN: I'll say this as well, in addition to that, is that U.S. policy regarding China and Taiwan hasn't changed. We haven't changed. We have a one-China policy. It's based on three communiqués. It's based on the Taiwan Relations Act as well. We want stability in the Strait. Any change to the status quo is through diplomacy and dialogue. The U.S. hasn't – we haven't changed our position on that.

MS. BROWNER: Over here.

Q: Good morning. Dan Newman, *Inside U.S. Trade*. Congressman, you talked about Vice Minister Wei's reaction from AQSIQ to part of the product safety issue

talking – and when he was in the U.S. last week he said generally the same thing both to media and to Senator Durbin on the Senate’s side that the issue was overblown, a lot of the problems were due to U.S. companies giving improper standards to Chinese manufacturers, and the U.S. not verifying that Chinese exporters were, in fact, licensed to export. Are those comments and the comments that he made to you about the problem being overblown by us, I guess, in the audience with their notepads, is that – is that – sorry – is that evidence that the Chinese are going to unwilling to cooperate with potential legislation that might call for increased inspections of onsite manufacturers in China?

You know, MOFCOM, the Ministry of Commerce, AQSIQ are generally willing to talk to anybody that wants to talk to them about these types of things, but when it comes down to FDA or the Consumer Product Safety Commission walking through doors in China, things can sometimes get a little stickier than that. And what is your impression of how the dialogue, how the rhetoric will match with actual activity on the ground of China?

REP. KIRK: First news, there’s the opening gambit and then there’s the real position. The opening gambit is to try to see if we’ll bite that it’s overblown, et cetera. We squashed that in about two and a half seconds. This is way not overblown. And here it is what September 21st, I think the Christmas shopping season began a month ago, and so for most mothers in America at Toys “R” Us, they will look down and if it’s made in China – you know, skip it, buy something else. And I think my read on it is Vice Minister Wei has – reports to a number of senior level officials. You know, one of the most capable, in fact, I think she’s probably the most capable minister in China, seems to work on all domestic problems is Madam Wu Yi, and the assignment of her efforts to this problem shows that, in my view, the Chinese government is taking this very seriously.

Now, because of the Communist Party and the Party Congress coming up, et cetera, they can’t put forward product safety legislation and implementation measures in a week. When they talked about a new legislation by Christmas, that sounded like, for them, a pretty fast pace, and then the only question for Rick and I is the Dingell legislation and then People’s Congress legislation at all going to conflict, or is this going to set up a virtuous cycle of product quality that will reestablish the relationship in the supply chain.

REP. LARSEN: I’d just note the week we were there, on Monday, we met with Vice Minister Wei and he went through four points. He had this report and there’re four points that this report had determined where sort of defining the problem of food and product safety. One thing he did say is that they do have a problem. That was the first – it was one of the first things that the report said.

The second – second thing he’s said that there are – different countries have different standards for different products. What’s probably – you know, we go through that harmonization issue a lot with other countries too. So there’s probably some reality to that. You know, the third point I do have to do with licensing. And the fourth was the media overblowing this issue. Again, we tried to make that point to them that wasn’t

overblown. Later in the week, at the ASEAN+3 forum, the Minister Bo Xilai was speaking and he said that this is, in fact – this food and product safety problem is only 1 percent of the exports, only 1 percent of everything that we do, but they want to solve 100 percent of that 1 percent. And that's a good message for the Chinese to deliver. And I know Vice Minister Wei delivered that message last week as well. The thing is what we'd like to hear from the Chinese is just one message, not we want to help, but it's really not a problem to solve because nobody believes there's not a problem to solve.

MS. BROWNER: Can we talk just for a moment about access to information within China? And in the years that I've been going there, eight plus years now, it feels like it's always about to change, but then you're not quite sure. And certainly they've become – people are much more technology-savvy. I mean, you know, every 20-something-year-old walks around and is constantly – with his cell phone constantly text messaging and get some access to information. What's your sense, I mean, in terms of their awareness of news items in the United States and their ability to access under any sort of regular basis?

REP. LARSEN: I don't know. You know, Mark and I have written Op-Eds that have been in *China Daily*, which is the English language party organ over there, and it didn't look any like – anything like what we wrote. (Laughter.) Surprise, surprise. I don't think we –

MS. BROWNER: And articles here always look exactly like what you said?

REP. LARSEN: They're closer here than they are over there, frankly, and –

MS. BROWNER: Sorry.

REP. LARSEN: And you know, I'm enjoying the work in the U.S.-China Working Group, enjoying developing these relationships because long-term this is, in my view and Mark's view, this is the most important diplomatic relationship we have over the next century. But there are differences and there are problems, and one of the problems is access to information, where people get their information. If all you're reading is *China Daily* or the Shanghai paper which is just a *China Daily* knockoff, really it's – you know, you're not getting – you're not getting world information. You're getting what did Hu Jintao do that day, or Wen Jiabao do that day, or Madam Wu Yi do that day. You need more – more than that to develop a democracy, and you know, obviously, there's not going to be democracy any time soon.

But it's really tough, and then there – you know, the ministry is a state security – public security cracking down on the internet. You know, that's a problem for those people who are trying to access information. Ultimately, it's going to be a problem for the Chinese because the government, they're going to find out that, at some point, they're not going to be able to track everybody. They may think they can, but they won't be able to track everybody and people are going to get information eventually.

MS. BROWNER: But one of – on one of my most recent trips, I ended up being at a lot of college campuses and the thing I was the most struck by, maybe it's a product of the one-child policy, is the number of 20-something-year-olds– it was a majority, easily more than a majority – who had traveled outside of China, vacationed outside – so where they would have had access to information, and you start to wonder how that impacts their desire for information going forward.

REP. KIRK: I think it does. I think it's still true that you can learn more about China outside China than in, especially about key things, like, we all want to know who Hu Jintao successor is. So at the Party Congress, on the last day, the new central committee will come out –

REP. LARSEN: Standing committee.

REP. KIRK: – the standing committee and it will be on national television and that will be revealed to us. Well, when we have discussions about (Li Kashing ?) or whoever the other provincial governors are in the maneuvering, it's very difficult to get a fairly honest assessment of who's where and what are the maneuvers, whereas here in Washington, we have these discussion and do endlessly, and they tend to be quite accurate here rather than there. So I think we've got a ways to go.

REP. LARSEN: There's a whole industry in Washington, D.C. on political ambition, obviously, and talking with prospective Chinese leaders to – you know, to a person I just say, oh, I'm just here doing my job. If I'm selected, well – you know, I'd be surprised if that ever – you know, it's sort of – there's all this humility, but you know in the back of their minds, like – no, pick me.

MS. BROWNER: Human nature's human nature.

REP. LARSEN: Right, exactly.

MS. BROWNER: My guess – it's only a guess – is people are lobbying.

REP. LARSEN: Yes, good guess.

MS. BROWNER: They're working the system, whatever the system may be.

REP. KIRK: And we have long discussions about the tactics, what's working, what's not, but we try to have those discussions in Beijing and Shanghai. They are very stilted and difficult. And so we have those discussions here. We're hosting one of those seminars up on the Hill shortly, and unfortunately it's still true that I learn a little bit more about China here than there.

MS. BROWNER: Interesting. In the front, right here.

Q: (Off mike.)

MS. BROWNER: You need a mike.

Q: My name is Dru Chen (ph) I'm a student in University of Illinois at Urbana-Champaign – (laughter) – and now a reporter interning *National Journal*. My question is just now you mentioned you started U.S.-China Working Group to educate the congressmen, but how about the senior congressmen that have already have a very strong and negative opinion about China. Do you debate at all or do they buy it? Yeah, that's what I am interested.

REP. KIRK: I would just put in a commercial for us. We've had the most senior members part of our seminars, and so chairman of full committees or chairman of Key Appropriations Subcommittees regularly take part in what we've done and it has made a big difference. The other day, when Secretary Paulson was in pre-briefing his mission to China, we had Nita Lowey, who is the Key Foreign Policy Subcommittee chair of Appropriations, and Sandra Levin who is the Key Ways and Means Trade chairman. So it – I think our group has been pretty successful.

REP. LARSEN: Yes, and we have about 50 members of the House trying to stay fairly even Democrat-Republican. We don't have – we don't have a litmus test. You don't have to sign a paper to say you believe one thing or the other about China. We don't just follow that. I will say this. When we have our events, we try to invite members of the U.S.-China Working Group first and then other members as well. But if you look at the membership, the actual folks who have said we're going to be members of the U.S.-China Working Group, I think you could conclude that we are, in fact, building a foundation for the future relationship.

REP. KIRK: And I would say to – Rick and I, we talked about how we try to make sure that we're – our group is very representative of the three tribes of Congress, not Republicans and Democrats, but on the China issue are you panda hugger, are you a dragon slayer, or are you a panda slayer? And we've got all three. (Laughter.)

MS. BROWNER: The gentleman.

Q: Thank you. Good morning, congressmen. My name is Long Yuezao (ph), an adjunct professor at Georgetown University. I teach a course of the U.S. trade – U.S.-China trade policies. I have a question really to the – currently – last week, in fact, Chinese government has submitted a request to the World Trade Organization, request to consultation of the trade remedy policies of the United States last March and May, the commerce – just published the preliminary determination to changes double countervailing duty and the antidumping duty. I'd just like to know do you have any comment on this request, and if any implications of Chinese government to this request will affect the Congress bills or more China trade issues.

Thank you.

REP. LARSEN: Yeah. I think that – I think that – let me give you a general principle that if you're going to be in the WTO, you'd better be ready to play by the rules

of the WTO, and not criticize for the sake of criticizing cases brought against – within the context of the WTO. You certainly can if you're leveraging for a position as you're trying to negotiate your way out of the problem as being presented to the WTO, but the WTO is there for rules, to enforce rules. And the U.S. made a decision – presumably in commerce made a decision that in fact that we believe we had a case to bring – to bring on China on these certain – certain issues and that ought to be adjudicated through the appropriate mechanisms. I support that and I hope it moves forward and gets adjudicated appropriately.

REP. KIRK: I'd just say –

MS. BROWNER: You concur?

REP. KIRK: No – follow the procedure, and this rapidly turns into something that looks like a U.S. courtroom. A plaintiff brings suit, defendant counter-sues, but the key principle should establish this that the court, or in this case the WTO, is the decider.

Q: I'm Kumar from Amnesty International. You touched on all the other important issues, but not human rights. I just want to know how they reacted in China while you were traveling there and also what do you think the best way U.S. should move forward. I also want to comment, Congressman Mark, you're a champion for human rights, so we have no worry about this working group. Thank you.

REP. KIRK: Let me just say probably the toughest human rights discussion Rick and I had – now I'm going to praise the *New York Times* – (laughter) – is on behalf of their reporter and –

REP. LARSEN: Just released?

REP. KIRK: Who was just released – and we had an idealistic message which is you shouldn't have arrested him and what the hell, and then we had a practical message which is do you have any idea who you're messing with? And to – I'm glad he's out now. I hope this is not repeated again. And certainly with the Olympic venue coming, this is a unique level of openness China is going to have to show. You know, when you get the games, it's going to change you, and so we'll see if that happens.

There're other prisoners we should be worried about as well because this is not a democracy, and just because we want trade and good relations on other issues, we shouldn't surrender our basic values. You know, United States is a country that is not defined by geography and it's not defined under a monarchy. We're all tied to a 5,500-word document called the Constitution, which embodies key values, and we shouldn't surrender those values as we go overseas.

REP. LARSEN: Yes, I have to say we – the meeting Mark – for instance, one we had last summer with their minister of public security and it's interesting because he brought up the issue of Falun Gong and why in the U.S., we can even dare allow this – what he described as a cult to operate freely. And you know, our response was are you

kidding me? The United States, we're built on cults. You know, we're just – (laughter) – everybody –

MS. BROWNER: How did that translate?

REP. LARSEN: Well, everybody believes – you know, you can believe in anything here practically. And besides that, if you just take Falun Gong separately, my response to him was you can't explain to me well enough why – how you think these folks are a cult. You couldn't explain it in the U.S. And so we just don't understand at all how they can approach this issue from Falun Gong – calling a cult. And then we brought the issue – the *New York Times* issue. And I also – also note that while we were there, we delivered a letter on behalf of Speaker Pelosi asking for the status and the release of six individuals, and those – she would bring up those individuals again when some of the Chinese leadership visits here in October.

MS. BROWNER: And these are Chinese nationals –

REP. LARSEN: Chinese nationals, yes. One of them was a *New York Times* researcher since been released, but there're five others there.

REP. KIRK: Yeah.

MS. BROWNER: We have time for – I apologize – one more question. The gentleman here.

Q: This is an offbeat question. I'm from the National Institute of Health. We are into biomedical research. And one of our investigators, a very successful one, concluded his talk by saying I couldn't have done this research without Chinese molecular biologists, indicating that there's a lot of talent. My question is what's the status of research in China and how about any cultural exchanges, research exchanges between China and the U.S.?

REP. LARSEN: I don't have an answer to the first – first question about China's research and so on, but one of the bills that – we have a package of four bills the U.S.-China Working Group has put out. One is to increase the diplomatic footprint, which Mark has alluded to. I have a bill on small- and medium-size business export promotion to the U.S. Steve Israel from New York has a bill on U.S.-China energy cooperation, and Susan Davis from California has a bill on exchange, educational exchange at – and education in the U.S. on Chinese language.

And that bill – again, we're trying to close the exchange gap. We talked about trade deficit as an exchange deficit where you have 60,000 to 100,000 Chinese students, researchers, and so on coming to the U.S. We've got 3,500 U.S. students and researchers going to China each year, and we are way behind in that regard. So to the extent that we can – to the extent that we can certainly invite folks over here, but get our folks over there as well on educational exchange, it's going to be critical to laying this foundation over the next 50-60 years in this relationship.

REP. KIRK: I'd just say China is becoming a center of innovation. You know, when you're the – have the largest number of internet users, a large number of cell phone users, you are going to become a center of real innovation.

One of these, Rick and I backed as well as – we think there should be more energy research innovation between the two countries. We put forward an idea to establish a secure energy loan facility at the World Bank, about \$20 billion fund to help develop China's access to energy separate from Iran, and also to accelerate energy efficiency upgrades because for a vehicle produced in China compared to a vehicle produced in the United States, the Chinese will emit five times the amount of carbon to produce the same vehicle.

So we know that there's a lot of innovation, potential, and technology transfer that will meet one of China's critical domestic problems which is access to energy. They not only should develop better distribution and exploration in Central Asia separate from Iran, but efficiency upgrades will also dramatically lower their need for foreign resources. And we're sponsoring an effort to see if we could accelerate that dialogue and effort.

MS. BROWNER: Interestingly, the – one of the consequences of the Kyoto Protocol has been China's interest in the carbon credits, and so there's actually been some measurable amount of investment towards cleaner energy, capturing some of the carbon and the methane and – I think to most people surprise who were part of the negotiations going back ten years ago, this is a good turn of events. It was not something that was predicted that China would be such a significant player.

Before we end this morning, let me ask you guys a final question. I know that every time I go to China – and I don't go probably as often as you do – there's always something I learn that just sort of goes, wow, I didn't – I couldn't have imagined that. I'm surprised. What was – did you have one of those experiences on this most recent trip, something you just couldn't have predicted, something that sort of changed the way you might think about –

REP. KIRK: I would just say, for me, we always thought of California as the cutting edge of lifestyle and changes, that we would see things in California first and then it would transfer –

MS. BROWNER: Then they come to Illinois –

REP. KIRK: – yes, to the rest of the country. (Laughter.) I think now the center for some of these cultural changes has now shifted 10,000 miles west. For example, the “oh, wow” for me was that Shanghai now has internet addiction clinics because of kids – (laughter) – of kids who wake up and will spend 18 hours in, like, Second Life and then go to bed seven days a week. Now, this hasn't quite fully hit the United States, but the grip of the internet and literally spending every waking moment in front of a computer screen –

MS. BROWNER: To play these interactive games.

REP. KIRK: Yes, and the one that's got the most attention is Second Life where a number of Chinese will – for hire will be the second life of an American, who actually has a life and is working. They will run your second life and then – but these people are literally in front of the TV screen or the computer screen for 18 hours, seven days a week. This is something we haven't quite seen in the United States, but China is innovating and a number of new lifestyles are being built in China, and we're beginning to see whole new 21st century opportunities and problems emerging.

MS. BROWNER: You don't think we have people who spend 18 hours a day on their Blackberries yet?

REP. KIRK: Yes, that's right, only in Congress. (Laughter.)

REP. LARSEN: Right, the poor congressmen. The – some 24 hours – I guess the wild moment, “a-ha” moment for me was going out to Kashgar –

REP. KIRK: Far Western China.

REP. LARSEN: Far Western China, as far west as you can get –

MS. BROWNER: But it's on the same time zone, right?

REP. LARSEN: It's on the same time zone. And so – it's Kashgar time, like, it's island time in my district. People who live on islands. It's Kashgar time, things start about 10:00 or 11:00 in the morning. But I always think that Hong Kong, Shanghai, Beijing is the place to go, and part of the U.S.-China Working Group is that we want to take members where people don't normally go to see other parts of China. Well, we went out to Kashgar and where it's – whatever, 7 to 10 percent Han Chinese by ethnicity and 90 percent plus (unintelligible) Central Asian. And it was – you know, we have pictures of it and it was not like being in – it was not what I expected of China at all.

MS. BROWNER: It's very different.

REP. LARSEN: Very different, very different.

MS. BROWNER: Well, let me thank you on behalf of the Center for American Progress, thank all of you here for joining us this morning and thank you for your time and your observations. And I think, most importantly, I just thank you for your thoughtful leadership. You – I think both of you have recognized that this is one of the – if not the most important global relationship for the United States going forward, and the kind of the approach you're bringing to it and the thinking you're bringing to it and the leadership. We appreciate that and we thank you.

REP. LARSEN: Thank you.

REP. KIRK: Thank you.

(Applause.)

(END)