

U.S.-China Relations:

Wen Jiabao's Visit Caps an Outstanding Year

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The year 2003 closed with two high-level visits. Chinese Premier Wen Jiabao toured three cities on the U.S. east coast and was received at the White House with a 19-gun salute. Wen cemented the visit's success and boosted his position back home when President Bush stood by his side and rebuked Taiwan President Chen Shui-bian for seeking to change the status quo in the Taiwan Strait. But there was little progress made on important issues such as China's burgeoning trade surplus with the U.S. and North Korea's nuclear weapons. Chinese Defense Minister and Vice Chairman of the Central Military Commission Cao Gangchuan was hosted by Defense Secretary Donald Rumsfeld. Presidents Bush and Hu Jintao met early in the quarter on the sidelines of the APEC summit.

A Victory on Taiwan

Chinese Premier Wen Jiabao, a former geologist who rose in the ranks of the Communist Party, was greeted in Washington D.C. with much fanfare. On the South Lawn of the White House, he and President Bush reviewed the troops, observed a colonial fife-and-drum performance, and received a 19-gun salute. Such high-level treatment for a number 2 official from abroad is without precedent since the Bush administration came to power.

In a speech before beginning closed-door talks with Wen, Bush hailed Chinese cooperation in countering global threats, saying the two nations are "working together in the war on terror" and "fighting to defeat a ruthless enemy." He termed the United States and China "partners in diplomacy working to meet with dangers of the 21st century." Wen also cited U.S.-Chinese cooperation in counterterrorism, among other issues, and said that China's relations with the United States have "stood the test of time." He noted, however, that relations between the two countries now stand at a "crucial juncture" and said further improvement in bilateral ties depends on continued U.S. adherence to the "one China" policy, under which Beijing holds that Taiwan is an inseparable part of China.

A series of events that transpired in Taiwan this quarter unnerved Chinese leaders and resulted in increased pressure on Washington to take action to restrain Taiwan President Chen Shui-bian from inciting a confrontation in the Taiwan Strait. Following the passage of a referendum law by Taiwan's opposition-controlled Legislative Yuan,

Chen invoked Article 17 of the law, which empowers the president to initiate a referendum on national security in the event of an external military threat aimed at compelling a change in Taiwan's political status. On Dec. 1, Chen cited the deployment by mainland China of 496 ballistic missiles opposite Taiwan as grounds for holding a "defensive referendum" on March 20, the same day as the presidential election.

U.S. officials viewed the holding of such a referendum as potentially provocative and took steps to dissuade Chen from proceeding with his plan. A senior official declared on background that the U.S. delivered the message to Taiwan through many channels "very clearly and very authoritatively" that "we don't want to see steps toward independence" or "moves taken, proposals made, that a logical outsider would conclude are really geared primarily toward moving the island in that direction." James Moriarty, senior director for Asian Affairs in the National Security Council, secretly traveled to Taiwan just days prior to Wen's arrival in the U.S., carrying a letter from President Bush to Chen urging him as a "personal favor" to not take actions that would increase cross-Strait tensions. In advance of Wen's meeting with President Bush, a U.S. official briefing reporters explicitly expressed the administration's opposition to Chen's proposed defensive referendum, saying "We're not clear what logical purpose it would serve."

President Chen opted to ignore Washington's warnings, however, and persisted in calling for a referendum. Chen insisted that the vote had nothing to do with the issue of unification vs. independence and was not aimed at changing the status quo. Instead, he maintained that as a democracy, Taiwan has the right to proclaim its opposition to Chinese missiles and the use of force against the island. Chen's intransigence provoked President Bush's ire and prompted a White House decision to openly rebuke Taiwan's president during Chinese Premier Wen's visit. Meeting with reporters following their private session, President Bush said in response to a question about the planned referendum, "We oppose any unilateral decision by either China or Taiwan to change the status quo. And the comments and actions made by the leader of Taiwan indicate that he may be willing to make decisions unilaterally, to change the status quo, which we oppose."

President Bush remained mute when Wen expressed his appreciation for Bush's stance, which he said had been expressed on many occasions, including in their just concluded meeting, of the firm U.S. commitment to the three China-U.S. Joint Communiqués, the "one China" principle, and opposition to Taiwan independence. Privately, a senior administration official speaking on background later revealed that Bush underscored to Wen that the U.S. would "have to get involved" if China employs coercion or force against Taiwan, but this statement was not made publicly by the president to the press.

Wen had a whirlwind schedule in the United States, visiting New York and Boston as well as the nation's capital. In Washington D.C., in addition to his meeting with President Bush, the Chinese premier met with Secretary of State Colin Powell, Commerce Secretary Donald Evans, and congressional leaders. He delivered two speeches, one at Harvard University and the other at an event co-sponsored by nine American organizations in Washington, D.C. In the latter address, he outlined four ways to promote

constructive and cooperative relations between the U.S. and China: 1) continue high-level visits and strategic dialogue; 2) facilitate mutually beneficial trade and economic cooperation and establish a sound mechanism to address bilateral issues; 3) intensify coordination on major international and regional issues; and 4) expand people-to-people exchanges.

An opportunity was missed to win over the hearts and minds of the Taiwan people by portraying China as magnanimous to its brethren across the Strait in the Q&A following Wen's speech. Asked to elaborate on his statement in an interview with the *Washington Post* that Beijing "completely understand(s) the desire of the Taiwan compatriots for democracy," Wen opted to avoid taking any political risk by appearing tolerant, and instead lambasted Chen Shui-bian's scheme to hold a defensive referendum as a cover for separating Taiwan from the mainland. At Harvard University, Wen dashed hopes for early moves toward political reform when he told the audience that a "lack of education" in the rural areas meant the nation's 1.3 billion people "were not ready for democracy." A student claimed that such logic was flawed since the party is experimenting with elections only in the hinterland, not in the urban areas where education levels are substantially higher.

No Conciliatory Gestures on Trade and Economic Issues

Little progress was achieved during Wen Jiabao's visit on contentious trade issues. On China's surging \$120 billion trade surplus with the United States, Wen offered conciliatory words, but few concrete plans. In talks with U.S. officials, the premier indicated that his country doesn't seek a permanent surplus in its trade with the United States and proposed that the surplus be reduced through increasing U.S. exports to China rather than decreasing Chinese imports into the United States.

Ma Xiuhong, a vice minister of commerce and a member of Wen's delegation, said that beginning next year, her department would lead a series of delegations on buying trips to the United States. In November, China had signed deals with U.S. companies to purchase 30 Boeing 737 planes and 4,500 U.S.-made cars. Beijing had planned to dispatch additional purchasing missions to the U.S. prior to Premier Wen's visit, but postponed them when Washington slapped tariffs on Chinese imports of knit fabric, dressing gowns and robes, and bras imported from China following petitions filed by the U.S. textile industry. Wen's delegation blamed the relatively slow growth rate in American exports to China on the restrictions on hi-tech U.S. exports and urged Washington to lift them. "We believe the U.S. hasn't fully optimized its hi-tech exports to China," asserted Ma. "We believe this is one of the key reasons why U.S. exports to China aren't growing even faster."

The U.S. and China did agree to upgrade the long-standing Joint Commission on Commerce and Trade to a higher political level in an effort to invigorate efforts to reduce the trade deficit. The U.S. side made it clear that such a body would be used to send its message that free trade should be fair trade, that both sides play by the same rules, and that the Chinese market is as open to U.S. goods as the American market is to Chinese

goods. Beijing and Washington also agreed that consultations should be held as trade frictions arise. In a job at the Bush administration for escalating pressure on China on a range of economic matters as the U.S. presidential election nears, the Chinese side requested that economic and trade issues not be politicized.

On the divisive subject of China's currency, which the Bush administration has maintained is overvalued, no headway was made. President Bush reiterated his position that the most prosperous future is ensured by free markets, free trade, and a market-determined floating exchange rate. Wen restated his country's commitment to the goal of a freely floating exchange rate, which Chinese President Hu Jintao first proffered to President Bush at their meeting in Bangkok on the sidelines of the APEC summit in October. Bush and Hu agreed then to establish a joint experts group to study how China could quickly move toward the free float of China's currency, the yuan. A working-level team from the U.S. Treasury is scheduled to travel to Beijing in January to launch those discussions. Wen sought to dampen expectations in the United States that China might move anytime soon to fully liberalize its capital account, however. The transition to a market-determined exchange rate is "a complex process," he cautioned.

Human Rights Important, but Overshadowed

Human rights and religious freedom, although not high on the agenda of the Wen-Bush summit, nevertheless were raised, both publicly and privately. In a statement made at a dinner at the State Department, Secretary Powell noted that "the human spirit craves more than what is material. We also have a responsibility to future generations to find ways for all people to voice their views, by exercising their inalienable right to speak, assemble and worship freely." In his remarks on the South Lawn of the White House, President Bush suggested that the growth of economic freedom in China "provides reason to hope that social, political, and religious freedoms will grow there, as well," adding that such freedoms are "essential to national greatness and national dignity." In a background briefing following their private talks, a senior administration official maintained that President Bush "once again expressed his own deeply held convictions on the issue of religious freedom and urged the Chinese to move forward and grant greater religious freedom to their own people."

Two months prior to Wen's visit, China's human rights record was the target of vehement criticism in the annual report by the Congressional Executive Commission on China. Released in early October, the report revealed the Commission's finding that "human rights conditions in China have not improved overall in the past year" and charged the Chinese government with continued violations of its own constitution and laws as well as international norms and standards protecting human rights. It accused China of not keeping to international agreements on protecting workers' rights, continuing to ban independent trade unions, and practicing child and prison labor. Moreover, the report contended that "scores of Christian, Muslim, and Tibetan Buddhist worshippers have been arrested or detained during 2003." The Commission accorded special attention to the looming AIDS crisis in China and the failure of the Chinese government to take action to address the epidemic.

Continued Consultations on North Korea

Beijing and Washington remained in close contact this quarter as both sides attempted to arrange a second round of the six-party talks on North Korea's nuclear weapons. In addition to frequent phone calls between senior U.S. and Chinese officials, in November Chinese Vice Foreign Minister Wang Yi visited Washington and Assistant Secretary James Kelly traveled to Beijing in search of a consensus on which a new round of talks could be held. The U.S. reportedly relayed an offer of multilateral security assurances through China to North Korea that was rebuffed. The Chinese continued to play the role of intermediary, trying to narrow the differences between Pyongyang and Washington, instead of assuming the function of an active and involved player that the Bush administration insists is necessary to achieve a peaceful resolution. In mid-December, Beijing presented a draft joint statement that was unacceptable to Washington. As the year ended, agreement on a resumption date for the six-party talks remained elusive.

Privately, Chinese officials strongly urged U.S. officials to show greater flexibility and consider Pyongyang's demands to remove North Korea from the list of nations sponsoring terrorism, lift economic sanctions against the country, and supply electricity and fuel oil, all in exchange for a North Korean agreement to freeze its nuclear program. During Wen's visit to the U.S., President Bush rejected Chinese pleas to be conciliatory and emphasized that he would not support a freeze. Instead, the U.S. would accept nothing less than the complete, verifiable, and irreversible dismantlement of those programs, Bush told Wen. At the same time, Bush thanked the Chinese for the role Beijing is playing in promoting a peaceful resolution of the North Korea nuclear weapons challenge and quietly prodded Beijing to put more pressure on Pyongyang to make concessions.

U.S.-Chinese consultations on North Korea continued in mid-December with a visit to Beijing by Joseph R. De Trani, the newly appointed State Department special envoy on Korean affairs, but no further progress was made. After De Trani's visit, China's Foreign Ministry spokesman acknowledged that "the parties involved still had some differences in their stances and concerns" that prevented another round of the six-party talks being held before the end of the year. In recognition that dealing with North Korea's nuclear weapons could require constant shuttle diplomacy, China appointed its own ambassador in charge of the North Korea issue, Ning Fukui.

Bush-Hu Summit in Bangkok

On the sidelines of the 11th APEC summit meetings, Chinese President Hu met with President Bush on Oct. 19. Their talks were wide ranging, touching on North Korea, Iraq, counterterrorism, human rights, and trade and economic issues, including exchange rates. President Bush congratulated Hu on China's successful manned space launch the previous week in which the *Shenzhou 5* carried Chinese astronaut Lt. Col. Yang Liwei around the Earth 14 times.

In remarks to the press following their meeting, both presidents described the talks as constructive. President Bush thanked Hu for China's efforts to pass a resolution on Iraq in the Security Council and for hosting the Beijing talks on North Korea's nuclear weapons. Bush endorsed the provision of multilateral security assurances for North Korea, which the Chinese have been pressing for months. Chinese Foreign Minister Li Zhaoxing characterized the talks as "very good" and said Bush and Hu discussed "stepping up the two countries' strategic partnership." The meeting marked the second summit between the two leaders this year and their third in total.

First Chinese Defense Minister's Visit to U.S. in Seven Years

Cao Gangchuan, vice chairman of China's Central Military Commission, state councilor, and defense minister, visited Washington in late October after stopping at the Pacific Command in Hawaii and West Point Military Academy in New York. Although the visit was highlighted in the Chinese media as evidence of the great strides made in improving the bilateral relationship, Cao's presence in the U.S. capital received scant attention in the U.S. press. The Pentagon released a terse statement noting that Secretary Rumsfeld and Gen. Cao "discussed a wide range of global and regional security issues including the state of bilateral military relations between the U.S. and China" and described their talks as "productive and constructive." Maj. Gen. Zhang Bangdong, director of the Foreign Office of China's Ministry of National Defense, portrayed the visit to reporters in more upbeat terms, noting it was "positive, constructive and very fruitful." "The talks were in-depth, and the results were excellent," Zhang added.

At the Pentagon, in addition to his hour-long meeting with Rumsfeld, Cao met with Chairman of the U.S. Joint Chiefs of Staff Gen. Richard Myers. He also held separate meetings with Secretary Powell and National Security Adviser Condoleezza Rice. Deputy Secretary Wolfowitz hosted a dinner on the evening of Cao's arrival. The climax of the visit, at least from Beijing's perspective, took place when President Bush stopped by the meeting between Rice and Cao, and chatted with the Chinese defense minister for about five minutes. The Chinese side had insisted that Cao hold a face-to-face meeting with Bush, arguing that failure to grant the request would be a snub since Bill Clinton met with then Defense Minister Chi Haotian in 1996.

In his talks with senior U.S. officials, Cao delivered a tough message on Taiwan, warning the U.S. to not sell advanced arms or conduct military exchanges and cooperation with the island. North Korea's nuclear weapons and bilateral military ties were also discussed, and the two sides agreed to arrange further visits of their military leaders in 2004. After his meetings with U.S. officials, Cao paid a visit to the National Defense University, where he delivered a speech entitled "China's National Defense Policy."

Lending credibility to reports that Secretary Rumsfeld had objected to a U.S. visit by China's defense minister and agreed to host him only after several entreaties by President Bush, the defense secretary snubbed the Chinese by not showing up at a dinner banquet for Gen. Cao hosted by the PRC embassy. Rumsfeld sent Ryan Henry, a deputy under

secretary of defense instead. A Pentagon spokesman said the secretary had a prior engagement and was unable to attend.

In a further sign of the return to normalcy of U.S.-China military relationship, two PLA Navy ships made a goodwill visit to Guam this quarter. A *Luhai*-class guided missile destroyer and the replenishment ship *Nancang* made the first ever visit to the U.S. territory in the Pacific in late October. It was a return visit for a port call made by naval ships from the U.S. Pacific Fleet in September to Zhanjiang, the headquarters of the PLAN South Sea Fleet.

Looking Back and Forward

China-U.S. relations have achieved considerable progress in 2003. The two countries cooperated closely this year on a broad range of regional and international security issues, most notably on finding a diplomatic solution to the challenge posed by North Korea's nuclear weapons programs. On virtually every issue, including North Korea, trade, Taiwan, and nonproliferation, Washington and Beijing have shared interests, but also have important differences that must be managed. Perhaps the most critical looming uncertainty in the bilateral relationship is the implications of China's emergence as a great power. In his speech delivered in Washington D.C., Chinese Premier Wen reassured Americans that China's rise would be peaceful. "China will never seek hegemony and expansion even when it becomes fully developed and stronger," Wen declared.

Despite such assurances, the United States remains wary, just as China continues to be suspicious of American intentions toward China, especially once the war on terror is won or fades in importance. Secretary Powell hinted at U.S. apprehension about China's rise in his address at the George Bush School of Government at Texas A&M University in early November: "What China chooses to do with its wealth and increasing influence ultimately is for China to decide. The United States, with the rest of the world, will be watching China's actions closely to see whether or not they contribute to security, prosperity and human dignity both at home and abroad."

For observers of U.S.-Chinese relations, 2004 promises to be interesting, with a very rich agenda of problems to solve and opportunities to seize. The coming year will be a presidential election year in the United States and Taiwan, and Beijing will observe both elections intently, gauging their outcomes for U.S.-Chinese relations. North Korea will undoubtedly remain the most pressing security issue as well as a test of the ability of Washington and Beijing to work together effectively. In the bilateral U.S.-China relationship, high-level visits are planned, including a visit by Deputy Secretary of State Richard Armitage to China in late January and a visit by President Hu to the United States in the second half of the year. Military ties will also be further enhanced with a visit to China by Chairman of the U.S. Joint Chiefs of Staff Gen. Myers. Stay tuned.

Chronology of U.S.-China Relations October-December 2003

- Oct. 2, 2003:** Congressional Executive Commission on China releases its annual report.
- Oct. 3, 2003:** The Senate passes a resolution calling on China to release immediately and unconditionally Rebiya Kadeer, a prominent businesswoman from China's Xinjiang Uighur Autonomous Region.
- Oct. 9, 2003:** President Hu Jintao meets former U.S. President George Bush in Beijing.
- Oct. 12, 2003:** Chinese FM Li Zhaoxing exchanges views with Secretary of State Powell by phone on bilateral ties, North Korea, and Iraq.
- Oct. 15, 2003:** The Chinese spacecraft *Shenzhou 5*, carrying astronaut Lt. Col. Yang Liwei, blasts off from the Gobi Desert, orbits the Earth 14 times, and returns safely after a voyage of roughly 21 hours.
- Oct. 19, 2003:** President Bush sends Hu a letter congratulating China on the successful completion of its first manned space mission.
- Oct. 19-21, 2003:** U.S. Trade Representative Robert Zoellick travels to Beijing and Shenyang to discuss China's implementation of WTO commitments and the important role China plays in the regional and global economy.
- Oct. 20, 2003:** FM Li meets with Secretary Powell prior to the APEC forum meeting in Bangkok. The two sides agree to step up cooperation in all areas, including counterterrorism, and to increase bilateral trade.
- Oct. 20, 2003:** Secretary of Health Tommy Thompson meets his Chinese counterpart and announces the opening of an HIV-AIDS office to be run by officials from the U.S. Center for Disease Control.
- Oct. 21, 2003:** Presidents Bush and Hu meet on the sidelines of the 11th APEC forum meeting in Bangkok.
- Oct. 22, 2003:** Two PLA Navy ships arrive in Guam for a four-day goodwill visit. The fleet is commanded by Rear Adm. Xue Tianpei, deputy commander of the PLAN South Sea Fleet, and marks the first visit by the PLAN to the U.S. territory in the Pacific.
- Oct. 26, 2003:** Commerce Secretary Donald Evans arrives in China for a four-day visit. After traveling to Xian, he ends his visit in Beijing, where he meets with Chinese leaders and delivers a speech at the American Chamber of Commerce urging China to open its markets to U.S. companies and implement its WTO obligations.

Oct. 27, 2003: China deports a Chinese-born American who had been convicted of obtaining state secrets two years before his prison sentence expires. Fong Fuming, 68, a business consultant from West Orange, N.J., had been on a list of 13 prisoners that the United States government identified to China as priority cases.

Oct. 28-29, 2003: Defense Minister Cao Gangchuan meets separately with Secretary of Defense Rumsfeld, Secretary of State Powell, and NSC Adviser Condoleezza Rice, with the latter meeting including a five-minute drop-by by President Bush. Cao also visits the Pacific Command and West Point Military Academy during his trip.

Nov. 4, 2003: Alan Larson, U.S. under secretary of state for economic, business, and agricultural affairs, heads a delegation to Beijing to attend an economic development and reform dialogue between the Chinese State Development and Reform Commission and the U.S. State Department.

Nov. 4, 2003: Chinese Ministry of Labor and Social Security and U.S. Department of Labor sign an agreement on a labor law project. The two sides will carry out technical cooperation in labor legislation, law execution, labor law education, industry relations, and labor legal aid.

Nov. 4, 2003: FM Li and Secretary Powell talk by phone and reportedly agree to actively implement the consensus reached by their presidents in Bangkok to strengthen the China-U.S. relationship.

Nov. 5, 2003: Secretary Powell delivers a speech on China-U.S. relations at a conference at the George Bush School of Government and Public Service at Texas A&M University. Former Vice Premier Qian Qichen also attends the conference.

Nov. 6, 2003: Secretary of Commerce Evans says in remarks to the Minnesota and St. Paul Chambers of Commerce that the Bush administration opposes congressional proposals to repeal China's normal trade relations status and to impose a 27.5 percent tariff on Chinese exports to the United States.

Nov. 7, 2003: After accompanying National People's Congress Chairman Wu Bangguo to Pyongyang, Chinese Vice Foreign Minister Wang Yi visits Washington to discuss the North Korea nuclear weapons issue.

Nov. 13, 2003: China signs deals with U.S. companies to purchase 30 Boeing 737 planes and 4,500 U.S. made cars.

Nov. 15, 2003: Deputy USTR Josette Sheeran Shiner leads two U.S. delegations to China to discuss intellectual property rights protection and China's implementation of its WTO commitments.

Nov. 17, 2003: Committee for the Implementation of Textile Agreements (CITA) votes to invoke safeguard relief on knit fabric, dressing gowns and robes, and bras imported from China following petitions filed by the U.S. textile industry.

Nov. 19, 2003: Vice FM Zhou Wenzhong summons U.S. Ambassador Clark Randt to express concerns over the U.S. decision on imposing quotas on three types of textile products it imports from China.

Nov. 19, 2003: Vice FM Wang Yi meets James Kelly, U.S. assistant secretary of state for East Asian and Pacific affairs, in Beijing to discuss the possibility of holding another round of six-party talks.

Nov. 20, 2003: Ambassador Randt is summoned for a second time following Washington's decision to slap import quotas on PRC textile products, state press said. Vice Minister of Commerce Ma Xiuhong warns Randt that U.S. import quotas on textile products would negatively impact PRC-U.S. trade and harm U.S. domestic interests.

Nov. 20, 2003: Randall Schriver, deputy assistant secretary of state for East Asian and Pacific affairs, holds a press conference on U.S.-Taiwan-China issues.

Nov. 21, 2003: The *Washington Post* publishes an interview with Wen Jiabao prior to his departure for the United States.

Nov. 21, 2003: China delays the departure of an official trade delegation to the U.S. to buy agricultural products.

Nov. 24, 2003: The U.S. imposes dumping duties on color TVs imported from China.

Nov. 26, 2003: Gao Zhan, former researcher and human rights activist, pleads guilty of exporting sensitive technology to China and tax fraud. Gao faces up to 13 years in prison and will be sentenced on March 5, 2004.

Dec. 2, 2003: China's State Council Information Office publishes a white paper entitled "China's Non-Proliferation Policy and Measures."

Dec. 5, 2003: Chinese FM Li calls Secretary Powell to exchange views on Taiwan and the North Korean nuclear issue, according to a *Xinhua* report.

Dec. 4, 2003: The U.S. International Trade Commission (USITC) votes unanimously to impose antidumping duties on imports of malleable pipe fittings from China. President Bush must make the final decision on whether to accept the USITC recommendation.

Dec. 8-10, 2003: Premier Wen visits New York, Washington, and Boston.

Dec. 9, 2003: Yang Jiechi, China's ambassador to the U.S., and U.S. Assistant Secretary of State for Educational and Cultural Affairs Patricia de Stacy Harrison sign an executive plan agreeing on cultural exchanges from 2004 through 2006.

Dec. 9, 2003: U.S. and China sign a five-year bilateral maritime agreement that gives U.S. registered shipping companies the legal flexibility to perform an extensive range of new business activities in China.

Dec. 9, 2003: President Bush meets with Premier Wen in the Oval Office and declares that he "opposes comments and actions made by the leader of Taiwan" that "indicate that he may be willing to unilaterally change the status quo, which we oppose."

Dec. 11, 2003: Commerce Department initiates an antidumping investigation on imports of wooden bedroom furniture from China.

Dec. 15, 2003: FM Li and Secretary Powell hold a phone conversation in which they discuss Wen's successful visit to the United States, developments in Iraq, and efforts to convene another round of six-party talks to resolve the North Korea nuclear weapons issue.

Dec. 15, 2003: USITC determines that imports of certain ductile iron waterworks fittings from China are hurting U.S. producers. The commission will recommend remedies under which domestic producers can obtain relief.

Dec. 18, 2003: Newly appointed U.S. State Department special envoy on Korean Affairs Joseph R. De Trani arrives in Beijing for a visit.

Dec. 19, 2003: In an annual report to Congress, the USTR accuses China of dragging its feet on implementing its international trade commitments, saying the PRC "lost a significant amount of momentum" in 2003.

Dec. 21, 2003: President Hu tells President Bush in a late night phone call that he appreciated the U.S. reaffirmation of the "one China" policy and opposition to "the words and actions of Taiwan authorities aimed at altering Taiwan's status."

Dec. 22, 2003: A Chinese purchasing mission signed contracts with U.S. companies totaling \$320 million on importing aluminum from the United States. The mission also signed contracts totaling more than \$500 million on importing fertilizers.

Dec. 29, 2003: Special envoy James Baker arrives in Beijing to discuss with Chinese leaders the possibility of Beijing reducing or canceling the debts owed to China by Iraq.