



U.S.-China Relations:

Two Bilateral Dialogue Mechanisms Manage Friction

Bonnie Glaser
CSIS/Pacific Forum CSIS

The second round of the Strategic Economic Dialogue produced a few agreements, but failed, as expected, to make headway on the contentious issue of the value of China's currency. U.S. lawmakers on both sides of the aisle called for Beijing to take immediate steps to reduce its \$232 billion trade surplus with the United States. Presidents George Bush and Hu Jintao met on the sidelines of the Group of Eight (G-8) summit in Heiligendamm, Germany. While both countries opposed Germany's push for binding caps on greenhouse gas emissions, they continued to disagree on the degree of responsibility that emerging economies (that are among the top emitters of greenhouse gasses) should bear for reducing emissions. The failure of many Chinese products to meet safety standards became a new source of friction in the bilateral relationship. The fourth round of the Senior Dialogue provided an opportunity for high-level officials to review a broad range of bilateral, regional, and global issues.

Tension mounts on economic issues

Following the U.S. Commerce Department's announcement of the decision to impose countervailing duties on imports of coated paper from China at the end of last quarter, the U.S. took action against China in early April at the World Trade Organization (WTO). Charging that China was failing to abide by its 2001 WTO entry agreement, the U.S. filed two cases over pirated copies of music and movies, and market access barriers against U.S. films, books, and software. Announcing the WTO actions, U.S. Trade Representative Susan Schwab underscored that the decision to seek dispute settlement "is a normal way for mature partners to resolve disputes after they have tried and failed to resolve them privately" and should not be seen as hostile acts against China.

Beijing was stunned and angered by the decision, however, and warned that it could seriously damage cooperation and harm bilateral trade. Intellectual Property Office Commissioner Tian Lipu complained, "The United States has ignored the Chinese government's immense efforts and great achievements in strengthening IPR protection and tightening enforcement of its copyright laws." Privately, the Chinese protested that the U.S. action was contrary to the bilateral understanding that trade disputes would be resolved through dialogue. In a phone call with Treasury Secretary Henry Paulson, Chinese Vice Premier Wu Yi suggested that the second round of the Strategic Economic Dialogue (SED), planned for late May, be postponed.

Democratic trade hawks and many Republicans in Congress praised the move against China to reduce the bilateral trade deficit, now at \$232 billion, but they also urged further tough measures. Chairman Max Baucus (D-Mt.) and Ranking Member Chuck Grassley (R-Ia.), along with all members of the Senate Finance Committee, sent a letter to Wu Yi on the eve of the SED urging resolution of key trade and economic issues, including the value of China's currency, IPR enforcement, implementation of China's commitments in the WTO, removal of tariff and non-tariff barriers on environmental goods and services, and restrictions on Chinese imports of U.S. agriculture products. Later that month, Republicans and Democrats on the House Ways and Means Committee also sent a tough letter to Wu Yi citing China's "massive and constant interventions in the currency markets" to keep the value of its currency low, its use of subsidies to promote exports, and its "inability to enforce intellectual property rights."

As a demonstration of its irritation, China informed the U.S. that Finance Minister Jin Renqing and Central Bank Gov. Zhou Xiaochuan would be unable to attend upcoming finance meetings in Washington because they were too busy with domestic matters. In addition, Chinese officials abruptly halted discussions with U.S. counterparts on a proposal by Washington that Beijing purchase 15 coal-mine methane capture projects – which would cut the equivalent of 25 million metric tons of carbon dioxide gas – and 15 next-generation coal-fire plants, and eliminate import tariffs for U.S. environmental goods and services into China.

As the second round of the SED drew nearer, Secretary Paulson sought to lower expectations for any breakthroughs. At a Peterson Institute of International Economics forum, Paulson said he was looking for short-term achievements as "signposts along the way" that the high-level dialogue is producing progress. He also prodded China to move more quickly to allow its currency to rise in value against the dollar, noting that it was an "unnatural act" for China to be so integrated in the global economy without having a currency set by market forces. Paulson also warned that legislation penalizing China was not only possible, but likely, although he refused to say whether the administration could support any of the at-least 15 bills in Congress seeking to punish Beijing.

Just days before the opening of the SED, China sought to alleviate pressure from Congress by allowing the *renminbi* to fluctuate more during each day's foreign exchange trading. The People's Bank of China declared that the daily limit for a rise or fall in the *renminbi* would be increased from 0.3 percent to 0.5 percent. At the same time, however, the bank issued a separate statement quoting an unidentified spokesman as saying that the decision does not mean that the exchange rate "will see large ups and downs, nor large appreciations." At a news briefing, Alan Holmer, the Treasury Department's special envoy for China, said this was a "useful step" but that, in general, reforms were "not fast enough as far as the U.S. administration is concerned."

The May 22-24 SED that brought together 15 Chinese government ministers and the heads of nine U.S. Cabinet-level agencies produced agreements on expanding air cargo and passenger routes, investment opportunities for U.S. companies in China, and joint cooperation to develop clean coal-burning technologies and reduce trade barriers to

products that help reduce pollution. The talks also produced a Chinese nod to increase the cap on investments in Chinese stocks by foreign investors to \$30 billion (from \$10 billion) and permission for overseas banks to enter China's securities industry and issue yuan-denominated credit/debit cards. No breakthroughs were made on the larger issues of trade, currency, or IPR protection. The Chinese also promised to invest in U.S. businesses and announced that a recent procurement and investment mission from China had led to investments of \$32.6 billion in 25 U.S. cities and 24 states.

In her speech to the SED, Wu Yi warned that attempts to politicize economic and trade issues should be resisted. "Politicizing economic and trade issues is absolutely unacceptable, since it is of no help but will make the situation more complicated, harm bilateral economic and trade relations, or even cause serious negative impact on the progress of overall China-U.S. ties," she said. Paulson attempted to put the best face on the completed second session of the SED: "While we have much more work to do, we have tangible results of our efforts thus far," he stated, adding, "I have no doubt that we're getting more results than we would have without this dialogue."

The Chinese delegation had meetings on Capitol Hill, which Paulson hoped would help them better appreciate the growing protectionist sentiment in Congress and especially the mounting anger toward Chinese trade policies and practices. The Chinese had their own agenda, however. "We hope that the U.S. Congress will be able to have a correct understanding of the importance and significance of China-U.S. economic and trade relations and will bear in mind the overall interests of the United States in approaching this issue," said Zhu Guangyao, a Finance Ministry official.

At a Rose Garden press conference, following a meeting with Wu Yi, President Bush maintained that "we value our relationship" with China, but that the trade deficit "must be addressed" and urged Beijing to allow the value of its currency to rise. Bush also pressed the Chinese to buy American beef, which China has banned due to concerns about safety, citing cases of mad cow disease in the U.S.

Not surprisingly and almost reflexively, official Chinese media called the second round of the SED a success. *Xinhua* quoted Wu Yi as saying the talks had deepened U.S.-China "understanding" and "strategic mutual trust" and did not mention President Bush's call for China to accelerate its currency revaluation. Chinese researchers mostly evaluated the SED positively, but some experts were not so sanguine. In an interview with a Guangzhou newspaper, Yuan Peng, director of the Institute of American Studies at the China Institutes of Contemporary International Relations, described Sino-U.S. economic and trade relations as "transforming from being a stable cornerstone of Sino-U.S. relations in the past to a troublesome matter."

In its semi-annual currency report issued in mid-June, the Bush administration once again did not cite China as a country that manipulates its currency to gain unfair trade advantages. Signaling growing Congressional impatience with the glacial pace of the rise in the value of China's currency, a group of leading Republic and Democratic senators proposed legislation aimed at forcing penalties on China over what they alleged is a

policy of suppressing the value of its currency to promote exports. The bill, sponsored by Sens. Baucus, Grassley, Charles Schumer (D-Ny.), and Lindsey Graham (R-Sc.), is one of several pieces of legislation that have been introduced in the House and Senate this year aimed at penalizing China for unfair trading practices. The decision by the four prominent senators to introduce legislation was widely interpreted as reflecting Congressional opinion that Paulson's strategy had failed to achieve the desired results.

The G-8 summit

Both the United States and China unveiled plans for combating climate change on the eve of the Group of Eight (G-8) summit in Heiligendamm, Germany. While both countries opposed Germany's push for binding caps on greenhouse gasses emissions, Washington and Beijing continued to disagree on the degree of responsibility that emerging economies that are among the top emitters of greenhouse gasses should bear for reducing emissions. The U.S. plan calls for the 15 major industrialized nations to band together and set shared targets for cutting greenhouse gas emissions, but allows each nation to decide how to reach the global reductions goal. President Bush declared the U.S. intention to convene a series of meetings beginning later this year of the nations that produce most greenhouse gas emissions, including developing countries like India and China.

Briefing China's own plan a few days later, National Development and Reform Commission Chairman Ma Kai welcomed the U.S. proposal but cautioned that it should "complement" rather than "replace" the existing UN Framework Convention on Climate Change, including the Kyoto Protocol which excludes China and other developing countries from emissions caps. Ma explained that China would reduce greenhouse gas emissions through its drive to increase energy efficiency and reiterated the government's target that it set a year ago of reducing energy consumption per unit of economic output by 20 percent by 2010. "To ask the developing countries to lower emissions too early, too abruptly and too bluntly will hinder their development and hamper efforts to achieve industrialization and modernization," said Ma.

Chinese President Hu Jintao elaborated on China's carbon emissions reduction efforts in a speech delivered at the outreach session between the G-8 members and five major developing countries: China, India, Brazil, Mexico, and South Africa. He stressed that climate change should be tackled in the context of sustainable development and with the principle of "common but differentiated responsibilities" established in the UN framework that imposes the major burden for action on the industrialized countries. Hu called on the developed countries to meet the emission reduction targets set in the Kyoto Protocol, provide assistance to developing countries, and continue to take the lead in undertaking obligations to reduce emissions after 2012.

Climate change was one of four issues discussed by the G-8 + 5 sessions in Germany. The other issues were market access for investment, intellectual property right violations, energy security, and development in Africa. However, the joint statement only mentioned the latter four topics as planned for inclusion in high-level structured discussions within

the G-8 framework during the next two years. China and India, the second and fourth largest emitters of carbon dioxide, a major contributor to global warming, played a key role in keeping climate change off the action agenda.

The leaders of the eight countries agreed in the joint statement to “seriously consider” a proposal put forward by the EU, Canada, and Japan on reducing global emissions of greenhouse gasses by 2050 by at least 50 percent from 1990, and expressed the hope that all major greenhouse gas emitting countries will make efforts toward this end.

In a bilateral meeting on the margins of the G-8 summit, Hu echoed Wu Yi’s message during the SED that trade and economic issues should not be politicized. Hu also underscored the need to nurture strategic mutual trust and to correctly understand each other’s strategic intentions. On Taiwan – a topic that never goes unmentioned at high-level meetings between U.S. and Chinese officials – Hu urged the U.S. to “properly handle the Taiwan issue and jointly safeguard peace and stability in the Taiwan Strait,” according to China’s *Xinhua* news service. Privately, officials said that Hu pressed President Bush to take steps to prevent Taiwan President Chen Shui-bian from realizing his goal of holding a referendum calling for Taiwan’s entry into the UN under the name Taiwan. In the region and international security basket, the two presidents discussed the Iran nuclear issue, progress toward removing nuclear weapons from the Korean Peninsula, and the humanitarian crisis in Darfur, Sudan. President Bush endorsed the SED as the appropriate mechanism in which to resolve trade frictions.

Military ties make more progress

The quarter opened with a visit to the U.S. by China’s navy chief, Vice Adm. Wu Shengli. At the Pentagon, Wu was hosted by Adm. Michael Mullen, chief of naval operations. Mullen encouraged Adm. Wu to consider Chinese participation in global maritime partnership initiatives, including the 1,000-ship navy, a concept that envisions a transnational network of navies, the shipping industry, and law enforcement agencies to respond to crises or emergencies at sea. Wu apparently expressed interest in the concept, which was first proposed at an international seapower symposium in 2005. Following talks at the Pentagon, Wu visited the Naval Academy and toured the aircraft carrier *USS Truman* in Norfolk.

Adm. Timothy Keating, who assumed the helm of U.S. forces in the Pacific in late March, made his first visit to China in early May. In Beijing, Keating met with Gen. Guo Boxiong, vice chairman of the Central Military Commission, and other senior military and foreign ministry officials. Among the topics discussed with Guo was China’s Jan. 11 test of an anti-satellite weapon. Guo termed the test a normal scientific experiment that had no serious consequences or ulterior motives and insisted that the test posed no threat to any other country and contributed only marginally to the amount of debris in orbit. Keating suggested that the test belied China’s stated intention to rise peacefully, noted that it had “military overtones . . . if not direct military application,” and produced a substantial amount of debris that poses a risk to other satellites.

In an interview with the *Voice of America*, Keating called for increasing U.S.-China military contacts, which he said would help lead to better understanding of each country's strategic intentions. While endorsing frequent U.S. demands for greater military transparency, Keating noted that by itself, transparency isn't sufficient. "The notion of transparency means we're watching and we can see through certain things. I would rather we engage, and we look each other in the eye and talk, more than just watch."

In a press roundtable at the U.S. Embassy after his discussions in Beijing, Keating revealed that he had had an in-depth conversation with Gen. Wu about aircraft carriers. Noting that China is "very intrigued by and interested in the concept of carrier program development," he said "we would, if they choose to develop [an aircraft carrier program] help them to the degree that they seek and the degree that we're capable in developing their programs." Keating's comments prompted much speculation about whether the offer of U.S. assistance was authorized and indeed whether any assistance would be legal under the 2000 National Defense Authorization Act (NDAA), which imposed highly restrictive controls on U.S. military exchanges with the PLA. PLA researchers were both skeptical and suspicious. Maj. Gen. Yang Chunchang of China's Academy of Military Sciences told the Chinese-run Hong Kong daily *Wen Wei Po* that he "was concerned about Keating's remarks." Many Chinese strategists are wary of U.S. efforts to gather intelligence about Chinese military capabilities through joint exercises and exchange visits.

The mainland Chinese press was upbeat in reporting on Keating's visit, but quoted unnamed experts as saying that "obstacles – including proposed U.S. *AMRAAM* and *Maverick* missile sales to Taiwan – would "prevent" bilateral military ties from "going forward." Keating also traveled to Nanjing where he visited military academies and Nanjing Military Region's 179th Brigade.

In early June at the annual Shangri-La Dialogue in Singapore, U.S. Secretary of Defense Robert Gates was relatively sanguine about U.S.-China relations, saying "As we gain experience in dealing with each other, relationships can be forged that will build trust over time." Perhaps with the statements in mind that his predecessor Donald Rumsfeld made two years earlier at the same forum questioning China's intentions in building up its military and claiming that China faces no threats to its security, Gates carefully distinguished between "capacity" and "intent." "I believe there is reason to be optimistic about the U.S.-China relationship," he stated. Gates noted U.S. concerns about the opaqueness of Beijing's military spending and modernization programs, but he did not dwell on these concerns and his tone was congenial rather than combative. In addition, Gates emphasized the need for dialogue to increase understanding and prevent miscalculation, citing the example of negotiations between Washington and Moscow during the Cold War.

China's military intelligence chief, Gen. Zhang Qinsheng – the highest-ranking Chinese military officer ever to attend the annual Asian security conference – insisted that China's strategic intent was purely defensive and that its declared \$45 billion defense budget was "true and authentic." He denounced the Pentagon's report on Chinese military power,

which was released the week prior to the opening of the conference, calling it a “product of the Cold War mindset.” Five years after the U.S. first proposed the establishment of a military hotline, Zhang said that China would finalize arrangements for a direct communication link with Washington in September during the next round of China-U.S. defense consultative talks.

During the discussion period following a presentation by Japanese Defense Minister Kyuma Fumio, Gen. Zhang expressed concern about the planned deployment of missile defense systems by the United States and Japan, noting that China is “worried that this kind of deployment would destabilize Asia and create uncertainty in terms of regional stability and peace.” Asked whether the U.S. would offer to cooperate with China in missile defense in the same way it has proposed missile defense cooperation with Russia, Gates told reporters, “I think if the Chinese were to express an interest in it we would certainly take it seriously.” He maintained that the missile defense systems under development are designed to thwart limited attacks by rogue states or terrorists, not to defeat a large-scale threat of the kind posed by the missile arsenals of Russia and China.

Tainted Chinese products cause friction

At the end of last quarter, Chinese food safety standards were called into question when pet cats and dogs in the United States became ill and some died due to contamination of a vegetable protein used in animal foods imported from China. Melamine, a chemical toxin, was first found in wheat gluten and later was found to have contaminated rice protein concentrate used to make pet foods. A major pet-food recall ensued, adding friction to already tense U.S.-China trade relations.

Initially, Beijing denied any responsibility: “The poisoning of American pets has nothing to do with China,” maintained a report in *People’s Daily*. However, in late April China banned the use of melamine in vegetable proteins that are made for export or for use in domestic food. Beijing also grudgingly granted U.S. regulators permission to enter the country to investigate whether Chinese suppliers had exported contaminated pet food ingredients to the U.S.

Then in May, there were reports of alleged deaths in Panama last year caused by the use of industrial toxins in cough medicine exported from China. Charges followed that Chinese-made toothpaste was tainted, prompting the U.S. Food and Drug Administration to issue warnings. China’s General Administration of Quality Supervision, Inspection and Quarantine called the warnings “unscientific, irresponsible, and contradictory.”

With pressure growing from regulators in the U.S., Europe, and other parts of the world, China was compelled to act. A Chinese court handed down a death sentence against Zheng Xiaoyu, the head of China’s Food and Drug Administration from 1998 to 2005, after he pleaded guilty to bribery and corruption charges. On June 6, China released its first five-year plan to improve food-and-drug safety standards. The plan calls for increased inspections of food exports, improved procedures for recalling tainted products, more pollution monitoring in food-producing areas, as well as an improved structure for

monitoring – and blacklisting – food trading companies. According to the Chinese state-run media, the plan also aims to implement a system of special inspections for 90 percent of food producers. The government announced a target of 2010 for new controls on food and drug imports and exports and increased random testing on medicines. As with other policies in China, however, the major challenge will be enforcement.

Perhaps due to increased scrutiny, reports of defective Chinese products continued to surface. In mid-June, Chinese toys were recalled for safety violations such as lead paint, use of kerosene, and items that could cause a choking hazard. The revelation that every one of the 24 toys recalled for safety reasons in the U.S. so far this year was manufactured in China harmed China's reputation with American parents. Then the U.S. National Highway Traffic Safety Administration ordered Foreign Tire Sales Inc., a small importer in New Jersey, to recall as many as 450,000 tires that it bought from a Chinese manufacturer and sold to U.S. distributors. Apparently the tires were missing gum strips that prevent layers of tire tread from separating due to wear and tear.

Worried that the made-in-China label could become seriously damaged in China's most important export market, Chinese officials embarked on an education campaign, briefing reporters and distributing fact sheets that maintained that tainted Chinese products represent only a minuscule portion of the country's sales to the U.S. and should not be exaggerated. At the same time, the Chinese government took tit-for-tat retaliatory actions against health supplements, raisins, orange pulp, and dried apricots from the U.S., claiming that they did not meet Chinese safety standards. By the end of the quarter, concerns mounted that the uproar over tainted Chinese imports could merge with tensions over the U.S. trade deficit with China and complicate attempts to resolve differences.

Strategic discussions in the Senior Dialogue

The fourth round of the U.S.-China Senior Dialogue was held in Washington D.C. and the Wye River Conference Center in Maryland on June 20-21. The U.S. called the talks between Deputy Secretary of State John Negroponte and Executive Vice Foreign Minister Dai Bingguo "constructive and frank." The talks were wide ranging and included discussion of denuclearization of the Korean Peninsula, curbing Iran's pursuit of nuclear weapons capability, the humanitarian crisis in Darfur, establishment of a peace and security mechanism in Northeast Asia, human rights, climate change, energy security, Taiwan, combating the spread of weapons of mass destruction, and bilateral China-U.S. relations. The two sides also reviewed sub-dialogues, including those held this year on Africa, the Middle East, Central and South Asia, and Northeast and Southeast Asia.

Xinhua reported that both sides agreed to further broaden common interests, facilitate exchanges and cooperation on the basis of equality and mutual respect, and enhance strategic mutual trust to ensure a sound and steady development of bilateral relations. In addition, *Xinhua* emphasized U.S. and Chinese agreement that the Taiwan issue should be handled properly to safeguard peace and stability across the Taiwan Strait and the

overall bilateral relationship. Both sides agreed to hold the next round of strategic dialogue in Beijing before the end of this year.

During his visit, Dai Bingguo met with Secretary of State Rice and Assistant to the President for National Security Affairs Stephen Hadley. Dai also attended a dinner with the top foreign policy advisers of leading U.S. presidential candidates that was arranged by John Hamre, president of the Center for Strategic and International Studies.

Keeping relations stable

In the run-up to the 17th Party Congress this fall, China is especially keen to keep U.S.-China relations on an even keel. Containing friction over trade will pose a challenge, however, as many U.S. lawmakers look to use legislation to compel steps by Beijing to revalue its currency or punish it for failing to act. China will also have to grapple with persisting concern about the safety of its food and consumer products, not only in the U.S., but also in its other export markets as well as domestically.

High-level bilateral exchanges will slow during the summer. In September, Chinese Foreign Minister Yang Jiechi will visit Washington D.C. after attending the United Nations General Assembly in New York. That same month, U.S. and Chinese defense officials will plan an agenda of military exchanges for the coming year and hold discussions on security issues of common concern at the defense consultative talks. A visit by Wu Bangguo, chairman of the Standing Committee of China's National People's Congress, is tentatively scheduled for the fourth quarter.

Chronology of U.S.-China Relations April-June 2007*

April 1-6, 2007: A senior PLA Navy delegation led by Navy Commander Vice Adm. Wu Shengli meets officials at Pacific Command in Hawaii and in Washington, DC, including Commander of U.S. Pacific Forces Adm. Timothy Keating and Chairman of Joint Chiefs of Staff General Peter Pace. The delegation also visits the U.S. Naval Academy.

April 5, 2007: Chairman of Chinese National People's Congress Wu Bangguo meets with a visiting U.S. Congress delegation organized by the Aspen Institute.

April 6-9, 2007: Chinese Assistant Foreign Minister Zhai Jun visits Sudan as a special envoy of the Chinese government.

April 7, 2007: Chinese Foreign Minister Li Zhaoxing talks to Secretary of State Condoleezza Rice over the phone on China-U.S. relations and other issues of mutual concern.

* Chronology by CSIS intern Wang Liang.

April 7, 2007: China's Foreign Ministry spokesman repudiates criticism of China's human rights situation in the U.S. Department of State's *Supporting Human Rights and Democracy: The U.S. Record 2006* as "groundless and slanderous."

April 9, 2007: Chinese Depute Foreign Minister Dai Bingguo talks to U.S. Deputy Secretary of State John Negroponte over the phone and exchanges views on Darfur.

April 9, 2007: Chinese Assistant Foreign Minister He Yafei receives a delegation from the U.S. House Armed Services Committee led by Chairman Soloman Ortiz.

April 9, 2007: The U.S. files WTO cases against China over deficiencies in China's intellectual property rights laws and market access barriers to copyright-based industries. China expresses strong regret and dissatisfaction over the U.S. decision, saying it will "seriously damage" bilateral cooperation and harm business ties.

April 11, 2007: Ambassador Andrew Natsios, President Bush's special envoy to Sudan, tells the Senate Foreign Relations Committee that China is increasingly cooperating with the U.S. to help end the violence in Sudan's Darfur region.

April 12-20, 2007: U.S. Environmental Protection Agency (EPA) Assistant Administrator Granta Nakayama visits China and signs a letter of intent to facilitate cooperation in improving the quality of farm chemicals with the Ministry of Agriculture. He also meets officials from the State Environmental Protection Administration and General Administration of Quality Supervision, Inspection and Quarantine.

April 13, 2007: Visiting U.S. Secretary of Transportation Mary Peters says in Beijing that the U.S. expects to reach an open skies agreement with China.

April 13-15, 2007: Assistant Secretary of State Christopher Hill travels to Beijing to discuss issues related to the Six-Party Talks with Chinese and North Korean counterparts. North Korea misses April 14 deadline for closing its Yongbyon nuclear reactor.

April 15, 2007: During a visit to Guam, Adm. Timothy Keating says tensions over Taiwan are a factor in the U.S. military build-up on Guam, but adds that Washington is working hard to ensure hostilities do not erupt in the Taiwan Strait.

April 16, 2007: A daylong meeting of the U.S.-China Joint Economic Committee is held.

April 16, 2007: Chinese Assistant FM He receives a delegation led by GOP Rep. Michael Conaway.

April 17, 2007: U.S. Defense Department delegation led by General Counsel William Haynes visits Beijing and meets PLA officials including Director of the General Political Department Li Jinai.

April 18, 2007: President Hu Jintao sends a telegram to U.S. President Bush to express China's condolences over the shooting at Virginia Tech.

April 23, 2007: China gives U. S. Food and Drug Administration permission to enter China to investigate whether Chinese suppliers exported contaminated pet food ingredients to the U.S.

April 24, 2007: Adm. Timothy Keating testifies before Senate Armed Services Committee.

April 24, 2007: Chinese Vice Premier Wu Yi says that China will "fight to the end" against the U.S. complaint to the WTO over intellectual property rights.

April 25, 2007: Chinese Assistant FM He receives visiting U.S. Assistant Secretary for Economic, Energy, and Business Affairs Daniel Sullivan. The two sides exchange opinions on China-U.S. trade relations and the China-U.S. Strategic Economic Dialogue.

April 25, 2007: Chinese Ambassador to the U.S. Zhou Wenzhong announces that Tai Shan, the giant panda cub, will stay at the Washington Zoo for two more years as an envoy of goodwill from the Chinese people and as a symbol of friendly cooperation between China and the U.S.

April 26, 2007: Data from the Council of Graduate Schools shows that applications from Chinese students for admission to U.S. graduate schools have risen 17 percent. China is the second leading country of origin for international students in U.S. graduate schools with 62,582 students.

April 27, 2007: China names Yang Jiechi, former ambassador to the U.S., foreign minister.

April 27, 2007: American Chamber of Commerce releases White Paper saying that an attempt by the U.S. Congress to force China to revalue its currency by imposing punitive tariffs on Chinese exports would be counterproductive and do nothing to redress the trade imbalance.

April 27, 2007: Five Americans are expelled from China after staging an illegal "Free Tibet" demonstration at Mount Everest base camp.

April 28, 2007: Chinese Vice FM Dai Bingguo and the Deputy Secretary Negroponte discuss the Darfur issue and the Six-Party Talks by phone.

May 1, 2007: Deputy Secretary Negroponte tells the House Committee on Foreign Affairs that "the United States is seeking real partnership with 'a prosperous China' that is stable, respectful of its citizens' rights and at peace with its neighbors."

May 2, 2007: Representatives from China, the United States, Britain, France, Russia and Germany meet in Paris to discuss the Iran nuclear issue.

May 4, 2007: Chinese FM Yang Jiechi and Secretary Rice meet on the sidelines of the meeting in Egypt to launch the International Compact for Iraq.

May 8, 2007: The Chinese Foreign Ministry expresses “strong dissatisfaction” and “firm opposition” to a report produced by the United States Commission on International Religious Freedom (USCIRF) on the religious situation in China.

May 9, 2007: Presidents Hu and Bush talk over phone about the upcoming China-U.S. Strategic Economic Dialogue, climate change, and the DPRK nuclear issue.

May 9, 2007: Chinese trade delegation led by Vice Minister of Commerce Ma Xiuhong signs 27 contracts in California to buy \$4.3 billion worth of technology products.

May 9, 2007: A 19-member delegation from the U.S. National Defense University Capstone Program, headed by Gen. William Nyland (ret.), arrives in China for a five-day visit, during which they traveled to Beijing, Chongqing, and Nanchang.

May 10, 2007: U.S. court finds Chi Mak, a Chinese-born engineer, guilty of conspiring to export sensitive defense technology to China.

May 10, 2007: More than 100 U.S. congressmen sign a robustly worded letter calling on President Hu to take immediate action to stop bloodshed in Darfur, Sudan.

May 10-14, 2007: Adm. Timothy Keating visits China for the first time since becoming head of Pacific Command. At the invitation of Guo Boxiong, vice chairman of the Central Military Commission of China, Keating meets Zhang Qinsheng, deputy chief of the General Staff of the PLA and Vice Foreign Minister Zhang Yesui in Beijing. Keating also visits military institutions and bases in Nanjing.

May 11, 2007: The Chinese Ministry of Labor and Social Security releases a report that predicts around 3.5 million workers will become unemployed and at least 10 million farmers will be affected if the yuan were to appreciate another 5 to 10 percent.

May 14, 2007: Hollywood director Steven Spielberg sends a letter to President Hu calling on China to pressure Sudan to accept UN peacekeepers.

May 15-20, 2007: The PLA Navy frigate *Xiangfan* joins the Western Pacific Naval Symposium joint exercise in Singapore together with 14 warships from 12 countries including the United States, Japan, Australia, South Korea, and India.

May 16, 2007: A Chinese trade delegation led by Vice Minister of Commerce Ma signs agreements with U.S. companies at the Chicago Board of Trade to buy 5.76 million tons of soybeans worth \$2.07 billion.

May 17-18, 2007: Chinese Assistant FM Li Hui meets Assistant Secretary of State for South and Central Asian Affairs Richard Boucher in Washington to discuss Central Asian issues under the senior dialogue framework.

May 18, 2007: Members of the Senate Finance Committee send a letter to China's Vice Premier Wu Yi urging resolution of key trade and economic issues at the Strategic Economic Dialogue.

May 19, 2007: The Chinese government announces that it has invested \$3 billion with the Blackstone Group, a U.S.-based private equity firm.

May 21-22, 2007: A U.S. labor union delegation visits China to meet Chinese officials from the All China Federation of Trade Unions ending a long boycott on dealing with China's state-controlled labor federation. The group is also received by Jia Qinglin, Chairman of Chinese People's Political Consultative Conference.

May 21, 2007: China and the U.S., together with Russia, Japan and France, agree to a joint statement on nuclear nonproliferation cooperation at the Global Nuclear Energy Partnership (GNEP) meeting in Washington, DC.

May 22-24, 2007: Second U.S.-China Strategic Economic Dialogue held in Washington. It concludes with agreements on financial services, aviation, and energy cooperation.

May 22-25, 2007: U.S. Navy destroyer *Stethem* (DDG-63) makes a ship visit to Qingdao and holds a joint exercise with the PLA Navy destroyer *Qingdao*.

May 23, 2007: U.S. FDA announces that it will begin testing samples of all toothpaste imported from China after the discovery that some Chinese manufacturers used a poisonous ingredient in toothpaste sold in Panama, the Dominican Republic, and Australia. China's General Administration of Quality Supervision, Inspection, and Quarantine calls the warning "unscientific, irresponsible and contradictory."

May 24, 2007: President Bush receives Vice Premier Wu Yi in the White House after the second Strategic Economic Dialogue. Wu also meets Senate Majority leader Harry Reid, House Speaker Nancy Pelosi, members of the House Financial Services Committee, and other members of the Congress.

May 25, 2007: Pentagon releases annual report to Congress on China's military power. Chinese Foreign Ministry expresses "strong dissatisfaction and resolute objection."

May 30, 2007: U.S. Commerce Department announces additional preliminary duties of up to 99.65 percent on imports of glossy paper from China, on top of smaller duties imposed earlier.

May 30, 2007: The Organization Department of the Central Committee of the Chinese Communist Party signs a memorandum of understanding on personnel training with General Electric. The deal includes a plan for GE to train selected Chinese business executives from 2008-2010.

May 30-31, 2007: Assistant Secretary of State Christopher Hill visits Beijing and discusses the Six-Party Talks and the Sino-U.S. relations with counterpart Vice FM Wu Dawei and Assistant FM He Yafei.

June 1, 2007: U.S. Department of State issues a statement on the 18th anniversary of the Tiananmen Square massacre calling for “the Chinese government to move forward with a reexamination of Tiananmen, to release all Tiananmen era prisoners, and to cease harassment of the families of victims of Tiananmen.”

June 2, 2007: Zhang Qinsheng, deputy chief of the PLA General Staff, attends Sixth Shangri-La Dialogue in Singapore.

June 5-8, 2007: Chinese and U.S. negotiators hold first round of WTO talks on copyright issues in Geneva.

June 5, 2007: President Bush meets with Chinese Muslim dissident Rebiya Kadeer in Prague. China condemns the action as “a blatant interference in China’s internal affairs.”

June 8, 2007: Presidents Bush and Hu meet on the sideline of the G-8 Summit in Heiligendamm, Germany.

June 8, 2007: Chinese General Administration of Quality Supervision, Inspection, and Quarantine announces that certain health supplements and raisins imported from the U.S. have failed to meet Chinese safety standards and have been returned or destroyed.

June 6-9, 2007: Chinese National People’s Congress delegation led by Vice Chairman Sheng Huaren visits Washington and attends the 4th meeting of the parliamentary exchange between the United States and China. The delegation is received by Vice President Dick Cheney.

June 12, 2007: U.S. State Department releases its 2007 Trafficking in Persons Report. China stays in the Tier 2 Watch List for the third year and is criticized for its policies on North Korean refugees.

June 13-18, 2007: Commissioner for U.S. Customs and Border Protection in the Department of Homeland Security W. Ralph Basham, visits Hong Kong and Beijing. In Beijing, he signs a memorandum of cooperation with China’s Custom’s Minister Wu Xinsheng on counterfeiting products and meets officials from the Chinese Ministry of Public Security, Ministry of Commerce and Ministry of Foreign Affairs.

June 14, 2007: The U.S.-China Economic and Security Review Commission holds a hearing on “China’s Energy Consumption and Opportunities for U.S.-China Cooperation to Address the Effects of China’s Energy Use.”

June 14-15, 2007: The sixth meeting of Joint Liaison Group between China and the U.S. on law enforcement cooperation is held in Beijing. The meeting addresses law-enforcement issues concerning the fight against corruption, cyber crime, fugitive matters, human smuggling, intellectual property, mutual legal assistance, and repatriation.

June 15, 2007: U.S. Commerce Department tightens regulations on aircraft engines, high-performance computers, and other technology exports to China of that have possible military uses. Some 31 products are added to a list that requires special export licenses.

June 18, 2007: Assistant Secretary Hill visits Beijing and meets Vice FM Wu Dawei to discuss the Six-Party Talks.

June 18, 2007: Two Major League Baseball teams, the New York Yankees and the Seattle Mariners, sign four Chinese baseball players.

June 18, 2007: A petition is filed with the U.S. Department of Commerce and the International Trade Commission requesting the imposition of a combination of U.S. countervailing and dumping duties on Chinese off-the-road tires.

June 19, 2007: U.S. Deputy Secretary of Treasury Robert Kimmitt visits Beijing and meets Gov. Zhou Xiaochuan of the People’s Bank of China, and other officials on bilateral investment issues.

June 20-21, 2007: The fourth round of the Senior Dialogue is held in Washington D.C. Deputy Secretary of State John Negroponte and Chinese Vice Minister Dai Bingguo hold talks on a broad range of bilateral and international issues.

June 25, 2007: The U.S. National Highway Traffic Safety Administration orders Foreign Tire Sales Inc., a tire importer, to recall as many as 450,000 tires that it bought from a Chinese manufacturer and sold to U.S. distributors. The Chinese tire maker, the Hangzhou Zhongce Rubber Company, rejects U.S. charge of defects.

June 26, 2007: China arranges meeting between a U.S. delegation led by Deputy Assistant Secretary of State for East Asian and Pacific Affairs Eric John and a Myanmar delegation led by Information Minister Kyaw San and Foreign Minister Nyan Win in Beijing. They discuss human rights issues including the detention of Aung San Suu Kyi.

June 28, 2007: The U.S. Food and Drug Administration announces it will block imports of farm-raised catfish, basa, shrimp, dace, and eel from China unless they are proven free of illegal antibiotics and chemicals.

June 28, 2007: Minister Li Changjiang of the General Administration of Quality Supervision, Inspection, and Quarantine meets U.S. Ambassador to China Clark Randt Jr. in Beijing. Randt presents a letter on U.S. beef exports to China written by U.S. Trade Representative Susan Schwab and Secretary of Agriculture Mike Johanns.

June 29, 2007: Minister Li Changjiang of the General Administration of Quality Supervision, Inspection, and Quarantine holds a telephone conference with U.S. FDA officials on its import controls on fish products from China.