



Press Conference in China

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 U.S Embassy Beijing
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DEPUTY SECRETARY ZOELLICK: Well, thank you all for joining us. I'm very pleased to be back in China. This is part of a regional visit, which I started a few days ago visiting our Pacific Command in Hawaii, and then yesterday and the day before I was in Tokyo. I head off tonight to Chengdu. Then from Chengdu, I'm going to go on to the meeting in Davos. I very much appreciate the time that Premier Wen Jiabao gave me today. He's been very generous on many occasions, and we had a good, full discussion of a number of topics. I was also very appreciative of my Chinese hosts, who were very kind in putting in a lot of meetings in one day. I had a good meeting with Foreign Minister Li, with my colleague Dai Bingguo, who I've had the Senior Dialogue with, NDRC Chairman Ma Kai, and also the head of the CBRC Liu Mingkang, and had a little breakfast opportunity with Dr. Zheng Bijian, who I've had a chance to meet on a number of occasions here and in the United States.

We discussed a wide range issue on the bilateral agenda, regional topics, global issues dealing with security and economics, reform issues and openness in China. Part of this trip gave me an opportunity to exchange some ideas with my Chinese colleagues on President Hu's visit to the United States later this spring. And, as I've said on other occasions, the United States has been obviously very involved with a strategic challenge through the broader Middle East and the questions of Islamic radical terrorism.

But in addition to that topic, it has been my belief that the changes in China and all throughout the Asian region are the other critical, important issue for my country in adjusting to the future. So this visit allows me to talk to a number of colleagues in different countries about those issues.



As I've mentioned in other contexts, China is a major beneficiary of the international system. That's good for the United States. It's good for the world. It's also, obviously, good for China. So the speech that I set out in September about the stakeholder concept was one way to look at that relationship in some sense of direction heading forward. So I wanted to come to China to discuss how I would suggest that China could play a very positive role in the international system, from issues dealing with nonproliferation to energy security to counterterrorism, avian influenza, the Asia-Pacific Partnership and climate change initiative. I'm very pleased that the stakeholder concept has generated some good discussion and debate in China, and I think that's a good way of engaging on the substance of the issues. In addition to the topics in the regional agenda, this has extended to our work together in Afghanistan, Iraq and obviously the challenges we face in Iran.

I just came from a particularly interesting discussion with some Chinese and American NGOs who are working in the rule of law area, where I wanted to try to learn a little more about China's interest in developing the rule of law and its state of affairs, areas in which my country and others may be able to be of additional assistance. Tomorrow, as I mentioned -- I'm actually headed out tonight, and I'll have meetings in Chengdu tomorrow.

My Chinese colleagues have suggested over the years in addition to visiting Beijing and Shanghai, that it's very important to go out and see other cities, particularly those in inland China. When I was Trade Representative, I had a chance to visit Chongqing and also Liaoning Province. This gives me an opportunity to visit Sichuan province, and another big city that's in the process of development. While there, I'm also going to see the panda reserve, which I look forward to.

I'm happy to take some questions.

QUESTION: In your discussions with Ma Kai, were there any new proposals put forward on addressing the Sino-U.S. trade deficit? And also, one thing you didn't mention, perhaps you can tell us was, during the talks, the issue of Sino-Japanese relations and what the U.S. involvement in that is, did they come up at all?

DEPUTY SECRETARY ZOELLICK: As for your first question, in a number of the conversations, I talked about the U.S.-Chinese economic relationship, including currency issues, trade issues, the importance of making progress in the JCCT, which I used to handle as Trade Representative and now my colleagues from the Commerce Department and USTR handle, along with Vice Premier Wu Yi. And, I did discuss some of the areas that I thought could provide some opportunities for strengthening ties. I referenced the President's comment just made yesterday, if I have the time zones right, about the need for additional currency flexibility, talked about the importance of close work with our Treasury Department on those issues. And I tried to explain the domestic context in the United States, where you have a very large bilateral deficit with China -- the numbers vary because there's a different accounting method -- but the importance for those of us who want to stress open markets, including open markets in the United States, to make sure that there's fair and open opportunities in China as well. I also, in the context of the NDRC, had some further discussions about the next five-year program. I had some discussions, as my colleagues did in December when Vice Chair Zhu came and gave us some sense of the five-year program. One element of that that relates to that is the savings-investment-consumption imbalance, and so we talked a little bit about that aspect as well.

As for your second question about the Sino-Japanese relationship, yes it did come up. I obviously just came from Japan, where it was also a topic there, and we talked about it in different dimensions. There's clearly been some tension in Sino-Japanese affairs, but I also encounter in both China and Japan a recognition that both countries have very extensive shared interests. You clearly see this in the economic and business sector, but also in topics like energy security -- or a topic that I discussed at considerable length was the issues that we share together dealing with the six party discussions on North Korea. Some of these deal with the questions of history, but some of them deal with the questions of today and tomorrow, and the United States is very pleased at our partnership with Japan. It's a good ally, a good economic partner. And we likewise want to make sure that whatever we can do to try to make sure that there are good three-way ties, and part of that also ties with other countries, like South Korea.

QUESTION: (Inaudible) a month set for Hu Jintao's visit to the U.S. and did the Chinese make any specific request as to whether it's going to be a state visit or not?

DEPUTY SECRETARY ZOELLICK: On the second part, I didn't get into those topics. On the first part, I'll let the Ambassador... I know some of the answers to this, but I don't know what's been public, so do you want to, Sandy?

AMBASSADOR RANDT: April.

DEPUTY SECRETARY ZOELLICK: April. Yes, sir?

QUESTION: A couple of months ago, you said that China would be increasingly in conflict with the United States if it pursues to do energy deals with countries like Iran. I just wonder is this warning is still valid, and how about countries like Saudi Arabia, who are very clearly shifting from the West to the East?

DEPUTY SECRETARY ZOELLICK: Well, I don't recall saying what you said I said, so why don't I say what I said (laughter)? I was pleased to see that King Abdullah was here because I think a good energy relationship, as I've discussed, is an important part of our relationship with China, of China's relationship with the world, and I've long made the case that the issue of energy security has to be seen in a global context, in terms of multiplying non-oil and gas sources of supply, multiplying oil and gas sources of supply, dealing with the demand side and efficiencies, dealing with maritime security issues, dealing with strategic reserves, so that's been a important part of the overall discussion.

You mentioned Iran, and that was another topic. There, it's obviously a very important dimension of our work with China and other countries right now. Secretary Rice is actively involved in this topic as I speak. It's important because the United States has tried to work with the EU-3 and Russia to make sure that Iran does not take the steps to start to develop a nuclear weapons program, given Iran's association with terrorism, given the statements of President Ahmadinejad about Israel, denying the Holocaust, saying that Israel should be wiped off the map. Those issues would certainly suggest that development of a nuclear program would be not good for energy security in an important part of the world. My country has tried to avoid any confrontation. That's why we've worked with the Russians and others on this process, and that's why we're trying to work in a global context with our UN Security Council partners and others to make clear to Iran that this would not be a positive step and development, and we have tried to offer other alternatives, for example, working with the Russians on their idea to allow civilian nuclear programs, but not one that gives you access to the fuel cycle for nuclear weapons. So, yes, that's an important part of our discussion.

QUESTION: Earlier this month there was a conference held in Australia, on the Asia-Pacific Partnership on Clean Development and Climate. The U.S. and China are part of the six countries. I would like to know your consideration or your comment on the plan of the partnership in the field of clean technology transfer and reducing the emission of CO2 and green international trade?

DEPUTY SECRETARY ZOELLICK: We were very pleased with that meeting hosted by Australia. We are very pleased with China's interest in it, as well as the interest of other major developing countries, like India. It was also a topic of my discussions with Japan, where -- I think your question related to this -- there is a lot of common interest in developing some of the technology that could meet some of China's interests for sustainable growth, good strong growth, but with consideration for the environment.

Your question about the different types of energy and energy security - one area is clean coal technology that we've been trying to develop. We were very pleased, in some ways it fits the idea of the Stakeholder that I was describing in the speech - just as China has hosted the Avian Influenza conference this week, or, I'm getting my times mixed up, whatever days it was, in the past few days. Because it shows the commonality of interests, and while China is a developing country that has much understandable focus on its internal development, that by reason of its size and its success and its growth, it will also affect the international system. So this is a good way in which we can build our cooperation.

QUESTION: Thank you very much, sir. Did China clarify on its position on whether it will or will not veto any attempt to bring the Iran situation in front of the United Nations Security Council? The second question is in recent months, we have seen an increase in energy investments in countries like Angola, Nigeria, traditional big suppliers to the U.S. Is this a more welcome development as compared with investments in Iran, or Burma, or Sudan? Or is this equally worrisome?

DEPUTY SECRETARY ZOELLICK: On your first question, there was no discussion of vetoes. We discussed -- well, I'll let Chinese side speak for themselves, but I think there's a common set of interests and concerns that we're focused on here, and what we're trying to talk about is how to work and achieve this most effectively, and so it's a question of diplomatic tactics. But I think the Chinese government itself has stated its own view about not wanting to have Iran develop these nuclear capabilities.

As for your second question, about energy development -- it's natural that China is going encourage energy investment around the world. Coming back to the point about energy security, multiplying oil and gas supplies from more diverse sources will also help energy security, as well as non-oil and gas sources and as well as the demand side. I don't have a particular view one way or the other on their involvement with Nigeria or some of the other points that you mentioned. But even take the country like Sudan that you've mentioned. I've spent a lot of time dealing with Sudan. I believe that as China develops its relationship with Sudan, it also gives it an opportunity to help us deal with some of the problems like the North-South Accord, the CPA Accord, because, in this case, there are also energy reserves in the South. It could help China develop good relationships with the SPLM in the South. Similarly, there is a possibility for China to help work with the African Union, the European Union and others dealing with the problems in Darfur that which I've been actively engaged in. I had a good opportunity to talk with Foreign Minister Li, who, as you may know, at the start of this year, I think visited ten or eleven countries in Africa. We talked about some of the challenges of West African countries as well. So, it really fits this overall picture I've tried to describe. It's natural as China becomes a larger economy that it engage in the global system, and what we've tried to do through this Senior Dialogue that I've had is discuss different perspectives and interests in regions, whether it be Africa -- we've had our African teams get together -- whether it be Latin America, and obviously throughout the Asia region.

QUESTION: Deputy Secretary you have talked about China playing a role as responsible stakeholders in the present international system, can you be more specific about what that will entail for the Chinese, and how would you like to see that play out with respect to specific issues facing today's world? Thank you.

DEPUTY SECRETARY ZOELLICK: Well that was kind of the topic of the speech.

So it is, look, the framework in which I was developing that idea is that since the late 1970s the United States has encouraged China's integration into the global system. What I was suggesting is that if you pull back for a moment and look at just the topics discussed here -- global environmental issues, energy development, commodity prices, capital markets -- China is integrated. So now the question is, what should be the focus and purpose of the policy of integration?

I was suggesting that China's success and it's accomplishments make it an influential player in the global system, and so it's important that China see the possibilities of sustaining and building that system from which it benefits a great deal. If you consider this in historical terms, as Chinese often like to do, I can't go back fifteen centuries as Chinese do, but if I'll just take the last century, it was not a very great century for China if you consider the internal result, internal set of problems for much of the 20th century. But with Deng Xiaoping's reforms and moving on, it's been a pretty, sort of impressive twenty-five years. That's taken part through an international system that the United States and other countries helped develop and help perpetuate. So, now the question is how can we work with China on that international system as well.

But, I mention one other point because it's a point I make with my Chinese colleagues. I certainly recognize, and this is one reason I'm going to Chengdu tonight, that China faces some very significant internal challenges of development. China is still a developing country. There are still many poor people. There are challenges of urban development and its effect on the rural population. So I do not underestimate the challenges that the Chinese leaders and Chinese people face. Because of that, I can see why at times they may say, "well, you know, let us concentrate on the problems at home." My point is just because of China's size and its success that really isn't possible because it influences all these other topics.

So, what I then set out in the speech was an agenda by which one might discuss how one would be a responsible stakeholder in the system. And then in the subsequent discussions that I've had with Dai Bingguo and others, we tried to fill out that concept, what it means, and then take it in to individual policy areas as we've been discussing. It doesn't mean that countries, United States and China, will always agree. I frankly think, as we've said today, there are many points of mutual agreement. But where we don't agree we can partially manage those disagreements just as the United States does with other countries that are good partners and friends.

So, thank you very much and good night.

2006/82

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 [BACK TO TOP](#)

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