

## US benefits from trade with China: President Hu

(AFP)

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Chinese President Hu Jintao urged the United States not to let trade disputes damage Sino-US relations, arguing that the China trade has saved American consumers billions of dollars and created millions of jobs.



Chinese President Hu Jintao waves after addressing Boeing employees during his tour of the Boeing's Commercial Airplane plant in Everett, Washington. Jintao urged the United States not to let trade disputes damage Sino-US relations, arguing that the China trade has saved American consumers billions of dollars and created millions of jobs. [AFP]

"Given the rapid growth, sheer size and wide scope of our business ties, it is hardly avoidable that some problems have occurred," Hu told a luncheon attended by about 600 business leaders, government officials and others in the Greater Seattle area.

"We should properly address these problems through consultation and dialogue on an equal footing as we work to expand our business ties."

China-US trade has brought "great benefits" to both sides, Hu said on the second day of his first official US visit and on the eve of a summit with US President George W. Bush.

The visit comes amid brewing trade disputes between the two countries. Hu is expected to receive an inquiry from Bush on issues such as China's undervalued currency, insufficient market opening and piracy.

"According to (US investment bank) Morgan Stanley, in 2004 alone, quality yet inexpensive Chinese goods saved US consumers 100 billion US dollars and trading with China created over four million jobs in the United States," Hu said.

US companies doing business with China also have made profits, he added.

Hu insisted China was working hard to reduce its record 202 billion dollar trade surplus with the United States, but also said it was a natural outcome of changes in US industry and of globalization.

"At least 90 percent of US imports from China are goods that are no longer produced in the United States," Hu said.

"Even if not from China, the United States will still have to import these products from other suppliers."

He said China has been "increasing imports" from the US and has "worked hard" to reduce the bilateral trade surplus, citing China's import of 6.7 billion dollars' worth of US soybeans and other farm products as well as orders for 60 Boeing 787 Dreamliner aircraft last year.

On the currency, Hu said China wants a flexible but stable currency exchange rate and will continue to improve its flexibility.

"Our goal is to maintain the renminbi exchange rate basically stable, at an adaptive and equilibrium level," Hu said, adding that was to the world's benefit.

Since July last year when China ended a decade-long peg of the yuan to the dollar, linking it to a basket of currencies, the yuan has only appreciated by a little over 3 percent.

Washington believes the Chinese currency remains undervalued by as much as 40 percent, giving Chinese exporters an unfair advantage and fostering deep imbalances in global trade.

Hu listed a series of steps China is taking to improve its economy and further open its market to US and other foreign companies, including welcoming more small and medium-sized American firms to explore business opportunities in China and encouraging Chinese firms to invest in the US market.

Hu also pledged to increase protection of intellectual property rights, saying China will "step up law enforcement and crack down hard on IPR infringement."

Widespread piracy of US products in China, including computer software, movies, music and pharmaceuticals, has prompted demands by the Bush administration for China to strengthen copyright protection.

The Chinese president's choice of Washington state as his first US stop, where he visited with executives of Boeing and software giant Microsoft, appears to be aimed at easing US concerns about its massive trade deficit with China.

Prior to his speech, Hu made a shorter speech to employees of Boeing following a tour of a Boeing manufacturing plant, in which he dangled the lucrative contracts the aircraft maker can sign with the rapidly growing Chinese aviation market.

A Boeing employee presented Hu with a blue company cap, and Hu did something rare for the president known for his reserved, cautious style: he hugged the employee.

Hu left Washington Wednesday afternoon for Washington.