

Business pressure prompts Clinton to restart US-China trade talks

Shannon Jones
17 April 1999

Jumping to attention at the demand of US corporate executives, the Clinton administration has pledged to restart failed trade negotiations with China and work for that country's admission to the World Trade Organization (WTO) this year. The pledge to restart the talks came after a barrage of lobbying pressure by US companies alarmed over the prospect of losing the billions of dollars in trade and investment opportunities being offered by the Chinese Stalinists.

An agreement appeared close with the arrival of Chinese Prime Minister Zhu Rongji in the United States early this month. He offered American business lucrative concessions, including reduced barriers to the import of agricultural products, manufactured goods and financial services. Beijing also offered to allow US businesses to sell directly to Chinese consumers, bypassing state-owned middlemen, a potential windfall of enormous scope in a country with a population of 1.2 billion people.

However, on April 9 the Clinton administration ended talks with Zhu without reaching an agreement. Apparently distracted by the crisis in Kosovo and fearful of a backlash in Congress, which must vote to end the annual US review of tariffs on Chinese goods if China is accepted into the WTO, the White House balked at finalizing the agreement.

On April 14 Clinton called Zhu at his suite in the Waldorf Astoria hotel in New York. During a 20 minute conversation Clinton pledged to "move intensively" to resolve outstanding differences and support China's admission to the WTO this year. An examination of what happened in the intervening five days provides a revealing insight into the constituency that the White House is beholden to.

A report in the April 14 edition of the *New York Time* is headlined, "How Push by China and US Business

Won over Clinton." It notes that when business leaders discovered the scale of the Chinese concessions being offered "a firestorm" erupted over Clinton's failure to close the deal.

Pressure on Clinton mounted as Zhu traveled across the United States explaining the trade concessions to powerful groups of businessmen. Meanwhile, Chinese negotiators warned the White House that the proposed concessions might be withdrawn if no agreement was forthcoming.

Alarmed executives began contacting administration officials. Maurice Greenberg, the insurance mogul and Democratic Party contributor who owns American International Group, told Treasury Secretary Robert Rubin that the US "had missed the train" by not closing the deal.

At a White House-sponsored briefing on April 13, representatives of companies doing business with China gave a standing ovation to Charlene Barshefsky, the US trade representative who had negotiated the trade concessions. Lobbyists and executives blistered the ears of administration officials over its failure to come to terms with China. One participant, Robert Kapp, President of the US-China Business Council, nearly shouted at a top Clinton economic adviser, accusing the White House of backing away from an agreement that would give billions of dollars in trade to American companies.

Afterwards Kapp told reporters, "Once the US trade representative made clear the extraordinary range of achievement she had wrought" it became apparent that "nothing in this dazzling laundry list would amount to a realized benefit for anyone unless they closed the deal."

Following the contentious briefing April 13 Barshefsky and national security advisor Sandy Berger suggested Clinton ask Zhu to return to Washington so

that a deal could be quickly concluded. Zhu in response asked that the US send negotiators to Beijing.

Business interests seeking expanded opportunities in China are also holding the feet of Congressmen to the fire. In recent weeks Clinton has come under criticism from Congress for its allegedly lax policy regarding Chinese espionage and its softness on Chinese repression of dissidents. However the prospect of investment opportunities slipping away raised the dander of many Democratic and Republican House and Senate members.

Senator John Chafee (R-Rhode Island) said, "I just hope the collateral issues, important though they might be--Taiwan, or Los Alamos spying or whatever it is--won't bog down the trade negotiations... We've had other nations spy on us and those nations even admit it, and yet we continue with our trade relationships with those nations."

David Dreier (R-California), chairman of the House Rules Committee, declared, "I feel strongly that if it's a good WTO agreement, with good business-community support, we could get the votes in Congress to make it happen. There's a level of enthusiasm (for China's WTO entry), if the White House would get off the dime and move on this."

With typical cynicism, Treasury Secretary Rubin denied that business lobbying had anything to do with Clinton's shift. The decision to resume talks "reflected zero influence from the business community," he said.



To contact the WSWWS and the
Socialist Equality Party visit:

wsws.org/contact