

Chinese president seeks to blunt Obama administration's criticisms

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The visit by Chinese President Xi Jinping to the United States, which began on Tuesday in Seattle, takes place amid a worsening global economic breakdown, a slowing economy in China and rising geo-political tensions with Washington.

The *Financial Times* summed up the mood in Washington noting that behind the usual pomp and ceremony surrounding the state visit: “Mr Xi will encounter an America that is itching to take a more confrontational approach towards China over both commercial and security issues. From the Pentagon to the justice department, the Obama administration has been preparing tougher steps to take against China over cyber theft of trade secrets and over its efforts to assert more control in the South China Sea.”

The Obama administration has continued to wage a concerted campaign over alleged Chinese “cyber theft,” while seeking to downplay the massive NSA spying around the world, including in China. Speaking last week, President Obama highlighted cyber espionage as “one of the biggest topics that I will discuss with President Xi.” He condemned the stealing of commercial secrets as “an act of aggression that has to stop” and warned that the US would take “countervailing actions in order to get their attention.”

Likewise in the lead-up to Xi’s visit, the US is also pressuring China to make concessions on its land reclamation in the South China Sea. The Centre for Strategic and International Studies (CSIS), the Washington think tank closely associated with Obama’s “pivot to Asia” against China, released photos purporting to show that China was building new air strips and had failed to live up to assurances given last month that it had halted major reclamation work.

In a major speech on China on Monday, US National Security Advisor Susan Rice restated many of

Washington’s grievances and demands, including “human rights,” cyber espionage and the South China Sea. While claiming to be neutral on the territorial disputes in the region, she called on “all claimants to reciprocally halt land reclamation, construction of new facilities, and militarisation of outposts on disputed areas.” All of the US criticisms, however, have been directed against China, rather than other claimants such as the Philippines and Vietnam, which Washington has encouraged to more aggressively assert their claims.

Rice pointed to the overarching US goal when she declared: “Many of our concerns stem from a common root. Steps that erode the international system or that slowly eat away at a rules-based order and universal rights or that give one nation an unfair advantage are detrimental to all.” In reality, the aim of the US “pivot” is precisely to maintain Washington’s “advantage” in Asia by maintaining, through military force if necessary, the post-World War II “rules-based order” in which the US dominates and sets the rules.

Xi’s decision to begin his US trip in Seattle in a series of meetings with top American CEOs and figures such as former US Secretary of State Henry Kissinger is an attempt to blunt US criticisms prior to his meetings with Obama in Washington on Friday. The Chinese president, who is accompanied by top officials and corporate leaders, played the same card as he has with other countries: seeking to woo support especially in business circles with the prospect of profitable investment and markets in China.

The choice of Washington state is no accident: it exports more than \$15 billion a year to China or nearly a quarter of all its exports. Xi gave his only public speech of the trip on Tuesday evening to a welcome banquet attended by state governors past and present, CEOs and other business leaders, and Commerce

Secretary Penny Pritzker, on behalf of the Obama administration.

Significantly, Xi was formally introduced by Kissinger, who has previously expressed concerns that Obama's confrontational stance towards China risked triggering war. He lauded the aims of Xi's "Chinese dream" to further enhance China's economic prosperity and emphasised the need for a "win-win approach" to Washington's relations with Beijing.

In his speech, Xi pledged to continue Beijing's agenda of pro-market reforms to further open up China to foreign investment. "When it comes to the toughest reforms, only those with courage will carry the day, he declared, reiterating points that he had made in an exclusive interview to the *Wall Street Journal* prior to the trip. These policies include another round of privatisation of state-owned enterprises and the liberalisation of the finance sector, creating new openings for transnational corporations.

Xi also sought to assuage US corporate concerns over the Chinese economic slowdown and upheavals on its stock markets. In relation to the latter, he declared that the government had stabilised the situation and "avoided a systemic risk." He also dismissed any suggestion that the anti-corruption drive in China was part of an internal power struggle, even though some of the chief victims have been prominent rivals.

Xi offered to establish a "high-level joint dialogue mechanism" with the US to fight cybercrime. "The Chinese government will not in whatever form engage in commercial theft, and hacking against government networks are crimes that must be punished in accordance with the law and relevant international treaties," he said.

The Chinese president also sought to reassure Washington that China would keep on "the peaceful path of development, did not seek a sphere of influence and would "never be a Germany"—a reference to remarks by Japanese Prime Minister Shinzo Abe likening China to Germany prior to World War I.

Xi held a further private meeting with American CEOs, including from Microsoft, Apple, Amazon.com and Cisco Systems on Wednesday hosted by former US Treasury Secretary Hank Paulson. He declared that China's tech industry and its 600 million Internet users and 1.2 billion mobile phone users offered business opportunities for American companies.

As if to underscore the point, Xi had visited Boeing's Everett plant in Washington state earlier on Wednesday. In introducing the Chinese president, Boeing CEO Dennis Muilenburg highlighted a \$38 billion sale of 300 planes to China and announced the establishment of an aircraft-finishing plant in China.

While he received a relatively warm welcome in Seattle, Xi can expect sharper exchanges when he arrives at the White House for talks with Obama. In her remarks on China on Monday, National Security Advisor Rice declared: "The real points of friction between us cannot be papered over and we will continue to deal forthrightly with our differences."



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