1 of 100 DOCUMENTS

The New York Times

July 24, 2012 Tuesday

Late Edition - Final

**China to Put Soldiers On Islands In Dispute**

**BYLINE:** By JANE PERLEZ; Bree Feng contributed research.

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 4

**LENGTH:** 620 words

BEIJING -- The Central Military Commission, China's most powerful military body, has approved the deployment of a garrison of soldiers from the People's Liberation Army to guard disputed islands claimed by China and Vietnam in the South China Sea, the state-run Xinhua news agency said Sunday.

On Monday, there was a first meeting of the 45 legislators elected over the weekend to govern the 1,100 people who live on the island groups of the Spratlys, the Paracels and the Macclesfield Bank, Chinese authorities told state media. The meeting was the latest escalation of the territorial dispute between China and its neighbors over the island groups, known in Chinese as the Xisha, Zhongsha and Nansha Islands.

The new legislators will not only govern the island groups, many of which consist of rocks and atolls, but also about 772,000 square miles of the South China Sea over which China claims jurisdiction, state media said.

The troop deployment and elections appeared intended to reinforce China's claims over the South China Sea and its potential energy resources. The moves came a week after a meeting of foreign ministers of the Association of South East Asian Nations in Phnom Penh, Cambodia, at which China, according to diplomats at the meeting, used its influence to stop even a rudimentary communique on the South China Sea among the 10 nations.

The establishment of a legislature for islands and the dispatch of soldiers will antagonize Vietnam, which claims the same islands. Vietnam and China have fought since the 1970s over the three island groups; last month, Vietnam passed a law that claimed sovereignty over the Paracels and Spratly Islands. In response, China called the islands its ''indisputable'' territory.

The Philippines and China have also been involved in a dispute for months over Scarborough Shoal, an area off the coast of the Philippines claimed by both countries.

On Monday, President Benigno Aquino III of the Philippines said that his country would not back down from its dispute with China, saying in an address that the nation's military would get dozens of new aircraft and ships for defense of the shoal, which Manila identifies as Bajo de Masinloc.

''There are those who say that we should let Bajo de Masinloc go,'' Mr. Aquino said, according to The Associated Press. ''But if someone entered your yard and told you he owned it, would you agree?''

Taiwan, Malaysia and Brunei also have conflicting claims in the South China Sea, making the area a source of a potential military showdown. With the Spratly, the Paracels and the Macclesfield Bank Islands, China's State Council approved the establishment of a prefectural-level administration known as Sansha City to replace a lower county level administration last month.

The election of the legislators and their meeting at a first session of a people's congress appeared to be practical steps to show that China was serious in its drive to put much of the South China Sea under its domain.

The speed of China's actions was not surprising, said Wu Xinbo, deputy director of the Center for American Studies at Fudan University in Shanghai. ''Now the Philippines and Vietnam are both advancing their claims so China must also respond accordingly with its own plan,'' Mr. Wu said.

The People's Liberation Army garrison that was announced over the weekend would most likely be established on Xisha Island, Mr. Wu said. ''Xisha is closest to China and the facilities are relatively good,'' he said.

In an April report on the South China Sea, the International Crisis Group said that China had delayed establishing Sansha City's administration to govern the Paracels and Spratlys and appeared more intent on using tourism to assert sovereignty.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** July 24, 2012

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2012 The New York Times Company

2 of 100 DOCUMENTS

The New York Times

July 20, 2012 Friday

Late Edition - Final

**With $20 Billion Loan Pledge, China Strengthens Its Ties to African Nations**

**BYLINE:** By JANE PERLEZ; Bree Feng contributed research.

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 6

**LENGTH:** 874 words

BEIJING -- President Hu Jintao said Thursday that China would lend $20 billion to African governments for infrastructure and agriculture in the next three years, in a speech to a gathering of African leaders.

The loans outlined by Mr. Hu, which doubled the amount offered at the last such conference here, in 2009, signaled that China was pressing ahead with aid programs in African nations with abundant energy and mineral resources but with more focus on grass-roots projects.

China's aid to Africa has expanded rapidly in the last decade as the continent has become a major source of oil from Sudan and Angola, and copper from Zambia and the Democratic Republic of Congo. China has come under heavy criticism for offering its aid without conditioning it on human rights performance or governance, especially in the case of President Omar Hassan al-Bashir of Sudan.

At the same time, its projects -- roads, pipelines and ports -- have focused on benefiting China's extractive industries, not African people, critics say. The infrastructure is generally built with Chinese labor.

The president of South Africa, Jacob Zuma, addressed the meeting and praised China's approach, saying it was preferred to Africa's experience with Europe. ''We are particularly pleased that in our relationship with China, we are equals and that agreements entered into are for mutual gain,'' Mr. Zuma said.

However, he was also quoted as saying: ''Africa's commitment to China's development has been demonstrated by supply of raw materials, other products and technology transfer. This trade pattern is unsustainable in the long term. Africa's past economic experience with Europe dictates a need to be cautious when entering into partnerships with other economies.''

In his speech, Mr. Hu said China would train 30,000 Africans, offer 18,000 scholarships and send 1,500 medical personnel to Africa. He said China would mount programs to improve drinking water and protect forests, new endeavors for China.

Li Xinfeng, an African studies scholar at the Chinese Academy of Social Sciences, said the change was notable.

''Before,'' he said, ''China had more of an attitude that 'We'll give what we want to give you,' but now the aid is more focused on African needs.''

But how much of the aid promised by Mr. Hu will be disbursed, and where exactly it will go, was unclear because China's aid programs to Africa are not clearly documented, development experts said.

''An accurate number of what China actually gives is difficult to come up with because Western countries have different definitions of foreign aid to China,'' said Yun Sun, a foreign policy expert on China and Africa at the Stimson Center, a nonprofit research group in Washington.

For example, China can say building roads and infrastructure benefits the people, she said, but the real aim is to strengthen the legitimacy of the government and get natural resources.

In an assessment of how Chinese aid works, the Congressional Research Service, an independent arm of Congress, said, ''China appears to administer foreign aid in an ad hoc fashion, without a centralized system, foreign aid agency and mission or a regularized funding schedule.''

The conference of African leaders held at the Great Hall of the People seemed a lower-key event than in the past when Beijing was decorated with banners announcing ''Amazing Africa.''

Many leaders were not present, perhaps a reflection that the timing of the conference was pushed forward so it would not clash with the 18th National Congress of the Communist Party, which will choose China's new leadership in the fall.

China's experience in Africa has not been so smooth in the last year. The flow of oil from Sudan has stopped because of a feud between Sudan and South Sudan, which became independent in July 2011.

The China National Petroleum Corporation has pulled most of its engineers from the oil fields in South Sudan, and Chinese-built infrastructure, including a pipeline from the fields to Port Sudan, and a refinery near Khartoum, are virtually abandoned.

In Libya, China was a longtime backer of Col. Muammar el-Qaddafi, and since the revolution and his death, the new leaders have failed to honor China's contracts.

Criticism from some quarters in Africa became so intense last year that a senior Chinese official felt compelled to answer.

In an interview with an African magazine called Jeune Afrique, the director general of the Department of African Affairs at the Foreign Ministry, Lu Shaye, defended the sending of Chinese workers to Africa. In doing so, China was more efficiently spending its assistance than Western donors to Africa, he said.

''They work in three shifts a day and work all day and all night to speed up project schedules,'' Mr. Lu said of the Chinese workers.

''Take government assistance projects as an example,'' he said. ''China spends 95 percent of the money on the project and on the recipient countries, while the West may spend 80 percent on their own staff.''

The Congressional Research Service reported that total United States foreign assistance to Africa in 2009 was $8.2 billion. Under the Obama administration, a new emphasis has been placed on health care, and more than half the $8.2 billion went to health-related programs.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** July 20, 2012

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2012 The New York Times Company

3 of 100 DOCUMENTS

The New York Times

July 13, 2012 Friday

Late Edition - Final

**Asian Leaders at Regional Meeting Fail to Resolve Disputes Over South China Sea**

**BYLINE:** By JANE PERLEZ; Bree Feng contributed research.

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 5

**LENGTH:** 877 words

PHNOM PENH, Cambodia -- Disputes in the strategically important South China Sea proved so contentious here on Thursday that an annual regional gathering ended without even a basic diplomatic communique, which appeared to have been blocked by China.

The host for the conference of the Association of Southeast Asian Nations, Cambodia, a close ally of China, refused to play the customary role of seeking agreement among the 10 participating countries, thus undermining the possibility of an accord, according to a senior diplomat from the association.

''China bought the chair, simple as that,'' said the diplomat, who declined to be identified publicly according to usual protocol. The diplomat pointed to an article on Thursday by China's state news agency, Xinhua, in which the country's foreign minister, Yang Jiechi, was quoted as thanking Cambodia's prime minister for supporting China's ''core interests.''

Secretary of State Hillary Rodham Clinton, who met with foreign ministers at the conference of the Southeast Asian group, said in remarks clearly aimed at China that it was important that the disputes be resolved ''without coercion, without intimidation, without threats and without use of force.''

The influence of China, which was represented here by Mr. Yang, hung over the behind-the-scenes deliberations on the South China Sea in many respects, dividing countries that are beholden to China and those that are willing to stand up to the Chinese.

Cambodia receives large amounts of assistance from Beijing, including new military aid that it got a few months ago.

Indonesia, which has no territorial claims in the South China Sea, tried to forge a last-minute consensus at the meeting but without success. The Indonesian foreign minister, Marty Natalegawa, praised Mrs. Clinton for ''showing interest but giving space'' in the effort to reach an agreement.

Territorial disputes in the South China Sea have increased in the last several months between the Philippines and China, and between Vietnam and China. One conflict, which lasted for months, involved a standoff between lightly armed vessels belonging to China and to the Philippines at the Scarborough Shoal off the coast of the Philippines. Another dispute centered on a law enacted in Vietnam claiming sovereignty over the Paracel and Spratly Islands, which China also claims.

As the long-dominant United States and the fast-growing China both seek to increase their naval power in the Asia-Pacific region, the disputes have become more threatening.

China has repeatedly told American diplomats that the energy-rich South China Sea is none of Washington's business.

But the Obama administration has made clear that freedom of navigation is at stake in one of the world's most important bodies of water for commerce.

In her statement to the news media, Mrs. Clinton said, ''The United States is a resident Pacific power,'' a term intended to signal to China and the countries of the region that the United States is staying, and even increasing its presence.

''No nation can fail to be concerned by the increase in tensions, the uptick in confrontational rhetoric and disagreement over resource exploitation,'' Mrs. Clinton said.

''We have seen worrisome instances of economic coercion and the problematic use of military and government vessels in connection with disputes among fishermen,'' she said. The mention of economic coercion appeared to be a reference to China's decision to stop importing Philippine bananas and to clamp down on Chinese tourist groups.

China has made clear that it wants to deal with the South China Sea disputes with each country individually, and not through any regional forum. That stance has made the future of a code of conduct to resolve disputes in the South China Sea unclear.

Asian diplomats said Thursday that the main elements of a code of conduct, which the United States has urged the Southeast Asian group to adopt, had been agreed upon at this week's gathering. The diplomats declined to specify the content of the proposed code.

The spokesman for China's Ministry of Foreign Affairs has repeatedly said that China is willing to discuss a code of conduct only ''when conditions mature.''

Last Sunday, Mrs. Clinton began a tour of Asia that is intended to show that the administration's shift to that region reaches beyond military engagement.

The trip drew negative coverage in the Chinese press on Thursday. People's Daily wrote that a trade agreement that Washington is seeking, called the Trans-Pacific Partnership, which excludes China, was an effort to weaken Asian integration. China Business News referred to ''those hyping up the South China Sea issue,'' a veiled reference to the United States.

The meeting here was held in a white-pillared conference hall, called the Peace Palace, that was built for the occasion by the Chinese government. When a Cambodian reporter asked Mrs. Clinton about American assistance to Cambodia, she made a reference to the difference between Chinese aid and that provided by the United States.

''We can't point to a big building,'' she said, indicating that American aid was directed at feeding people in need, ensuring the survival of women who give birth and trying to improve people's lives, especially those of children.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** July 13, 2012

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2012 The New York Times Company

4 of 100 DOCUMENTS

The New York Times

June 22, 2012 Friday

Late Edition - Final

**Vietnam Law On Islands Draws Anger From China**

**BYLINE:** By JANE PERLEZ; Bree Feng contributed research.

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 8

**LENGTH:** 651 words

BEIJING -- In a show of its resolve in a dispute over the South China Sea, China sharply criticized Vietnam on Thursday for passing a law that claims sovereignty over the Paracel and Spratly Islands, saying they are the ''indisputable'' territory of China.

The Foreign Ministry in Beijing summoned the Vietnamese ambassador, Nguyen Van Tho, to strongly protest the new law, said a spokesman, Hong Lei.

''Vietnam's Maritime Law, declaring sovereignty and jurisdiction over the Paracel and Spratly Islands, is a serious violation of China's territorial sovereignty,'' a ministry statement said. ''China expresses its resolute and vehement opposition.''

The dispute between China and Vietnam over the law, which had been in the works for years, is the latest example of Beijing's determination to tell its Asian neighbors that the South China Sea is China's preserve.

The Chinese statement comes two weeks before a meeting of foreign ministers of the Association of Southeast Asian Nations, or Asean, in Phnom Penh, Cambodia, which will be attended by Secretary of State Hillary Rodham Clinton. The South China Sea is expected to be high on the agenda.

To reinforce its claims, China also announced that it had raised the level of governance on three island groups in the sea: the Spratlys, the Paracels and the Macclesfield Bank, known in Chinese as the Nansha, Xisha and Zhongsha Islands.

The Chinese State Council issued a statement placing the three groups of islands and their surrounding waters under the city of Sansha as a prefectural-level administration rather than a lower county-level one.

Xinhua, the state-run news agency, quoted a Ministry of Civil Affairs spokesman as saying that the new arrangement would ''further strengthen China's administration and development'' of the three island groups.

China and South Vietnam fought over the Paracels and the Spratlys in 1974, and a unified Vietnam fought briefly with China in 1988 over the islands. China controls the Paracels and reefs and shoals within the Spratlys, according to the International Crisis Group, a research organization. The Macclesfield Bank comprises a sunken atoll and reefs. In another South China Sea squabble, President Benigno S. Aquino III of the Philippines said Wednesday that he would order Philippine government vessels back to the Scarborough Shoal if China did not remove its ships from the disputed area, as had been promised.

A two-month standoff between China and the Philippines at the shoal appeared to have been defused last weekend, when a typhoon forced Philippine fishing boats and a navy vessel to leave. China pledged to remove its vessels, too, the Philippines said at the time.

But this week, Philippines officials said half a dozen Chinese government vessels and fishing boats remained at the shoal. The exact position of the Chinese boats -- whether they were inside the shoal's large lagoon, or outside the lagoon in more open waters -- was not clear.

The Philippine government spokesman, Raul Hernandez, said a verbal agreement between China and the Philippines applied only to the withdrawal of vessels from the sheltered lagoon, where Chinese fishermen were poaching rare corals, fish and sharks.

''The two sides are still talking about the vessels outside the lagoon,'' he told a Philippine radio station.

The Asean ministerial meeting in Phnom Penh will almost certainly come under competing pressures from China and the United States over the tensions in the South China Sea.

Last month, at an Asean session in Phnom Penh in preparation for the ministerial meeting, Cambodia, which holds the chairmanship of the regional bloc and is a close ally of China, refused to allow the issuing of a statement on the need for a peaceful resolution of the disputes.

The United States is expected to urge the association to strengthen an existing code of conduct on the South China Sea, probably over China's objections.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** June 22, 2012

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2012 The New York Times Company

5 of 100 DOCUMENTS

The New York Times

June 17, 2012 Sunday

Late Edition - Final

**Woman Joins Chinese Crew On Mission To Space Lab**

**BYLINE:** By DAVID BARBOZA and KEVIN DREW; David Barboza reported from Shanghai, and Kevin Drew from Hong Kong.

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 12

**LENGTH:** 606 words

SHANGHAI -- China sent a crew of three, including the country's first female astronaut, into space on Saturday to carry out its first manned docking mission, an important step in an ambitious plan to build a Chinese space station by 2020.

The successful launching of the Shenzhou 9 spacecraft, powered by a Long March 2F rocket, was shown live on state television from the Jiuquan Satellite Launch Center in the Gobi Desert in western China.

The crew is expected to spend up to 20 days in space and dock with the orbiting Tiangong 1 space lab module, a kind of miniature space station, which China launched in September 2011. The crew will conduct experiments and live for a time in the space module.

China has spent billions in the past decade to build a space program to compete with the United States and Russia, and it plans to eventually put a Chinese astronaut on the moon, perhaps by 2016.

The country sent its first man into space in 2003, and a Chinese astronaut did a spacewalk in 2008. The manned docking would be considered a milestone for China's space program and the third major step in developing a space program. China completed a docking by remote control in November when the Shenzhou 8 capsule coupled with the Tiangong 1 orbital module, an event that was broadcast live on national television and observed by Prime Minister Wen Jiabao from the control center in Beijing.

The launching put China's first woman into space, a 33-year-old air force pilot named Liu Yang.

''This is an important leap forward for China's manned space program,'' said Wu Bangguo, the nation's top legislator, speaking to the three astronauts before they took flight.

The mission is China's first manned spaceflight since September 2008.

The goal, analysts say, is to dock with the space lab as practice for future dockings with the space station that China plans to build. One crew member will remain aboard the Shenzhou 9 spacecraft as a precautionary measure while the others enter the Tiangong 1 orbital module.

While the mission itself is not unusual, analysts said it extended China's remarkable pace in developing its space program.

''It is the speed with which China is ticking off these boxes in developing their program that is interesting,'' said Jeff Kueter, the president of the George C. Marshall Institute, which focuses on how science is used in making public policy.

In the days leading up to Saturday's launching, the Chinese news media ran several profiles of Ms. Liu. The state-run Xinhua news agency reported that she was from Henan Province in central China and lived in Beijing with her husband. She will be in charge of medical experiments during the mission, Xinhua said.

The Soviet Union sent the first woman into space in 1963. The first American woman in space was Sally Ride, in 1983. According to China's state-run news media, the selection process determined that China's first woman in space should be married, preferably with a child.

Beijing announced a five-year plan for space exploration in December that included a space lab and the collection of samples from the moon by 2016. The government has previously vowed to reach the moon and establish a manned space station by 2020.

The plan, released by the State Council, China's cabinet, shows how Beijing intends to draw on its military and civilian resources to reach the goals. The People's Liberation Army drives China's space program, and civilian institutions like universities and laboratories are subject to the military's efforts.

China is considered a leader in the business of launching satellites, but analysts say it is still years behind the United States.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** June 17, 2012

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: Liu Yang, China's first woman in space, boarded a spacecraft in western China on Saturday. (PHOTOGRAPH BY AGENCE FRANCE-PRESSE -- GETTY IMAGES)

**PUBLICATION-TYPE:** Newspaper

Copyright 2012 The New York Times Company

6 of 100 DOCUMENTS

The New York Times

June 9, 2012 Saturday

Late Edition - Final

**China Shows Interest in Afghan Security, Fearing Taliban Would Help Separatists**

**BYLINE:** By JANE PERLEZ; Bree Feng contributed research.

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 6

**LENGTH:** 903 words

BEIJING -- In a sign of China's growing interest in neighboring Afghanistan after the departure of the United States and NATO-led forces, President Hu Jintao met the Afghan president, Hamid Karzai, in the Great Hall of the People on Friday and announced a new strategic partnership between the two countries.

Mr. Karzai was given special attention this week at the summit meeting of the Shanghai Cooperation Organization, a group of six countries organized by China that includes Russia and Central Asian nations bordering Afghanistan. China is trying to ensure that a Muslim separatist group in a western Chinese region does not benefit from the Taliban when Western forces leave Afghanistan.

In a joint statement, China and Afghanistan said they would step up cooperation in security and the fight against terrorism, as well as increase intelligence sharing. No specifics were given.

A modest $23 million grant for unspecified projects that accompanied the new partnership indicated that despite concerns about the stability of Afghanistan after 2014, when most United States and allied troops are expected to be gone, China had no immediate plans to play a major development role.

This was Mr. Karzai's fifth, and most prominent, visit to China. No Chinese leader has been to Afghanistan since the 1958 visit of Prime Minister Zhou Enlai.

China's major worry is the prospect of a Taliban-dominated Afghanistan lending sanctuary to the separatist group, the East Turkestan Islamic Movement, led by ethnic Uighurs, a Turkic-speaking, largely Muslim people in the autonomous western region of Xinjiang. The group wants a breakaway homeland in Xinjiang.

In official statements, the Chinese government refrains from specifying the threat of Afghanistan's harboring Uighur separatists, but an orderly transfer of power that would stop short of a Taliban takeover appears to be of uppermost importance for China.

At a Foreign Ministry news briefing shortly after the warm welcome for Mr. Karzai, a spokesman said China supported a ''step by step'' process that allowed for a role by other countries after the withdrawal of Western troops.

In efforts to work toward some semblance of stability in Afghanistan after the Americans leave, Chinese and American diplomats have been talking for more than a year about the shape of the post-2014 political landscape, American officials and China analysts say.

A new kind of Great Game, a competition for influence among Afghanistan's neighbors, many of whom belong to the Shanghai Cooperation Organization or play a role in it, is a likely outcome from the Western withdrawal, the analysts say.

China has already put down investment stakes in mineral-rich Afghanistan, signing an oil and gas deal late last year, and beginning development at a copper mine four years ago.

But from the discussions between the United States and China, it was clear that China would not play any significant security role inside Afghanistan, a decision consistent with its noninterference policies abroad, the American officials and analysts say.

The Chinese government has refused to contribute to a $4.1 billion fund for sustaining the Afghan Army after 2014, but has offered to train a small number of Afghan soldiers, particularly in antiterrorism techniques.

In a show of cooperation with the United States, China admitted 15 young Afghan diplomats to the China Foreign Affairs University last month as part of a joint American-Chinese program. The State Department will also sponsor training for the Afghan diplomats.

China's main concern is about how post-2014 Afghanistan will affect China's internal security, the analysts said.

''China's first concern is national security and to make sure the Uighurs don't get more strength,'' said Yun Sun, a Washington-based analyst specializing in China's neighbors. ''The official line is that the Uighurs get terrorist training in Afghanistan and Pakistan.''

''China supports the international community in its efforts in Afghanistan, but stays away from direct military involvement,'' Zhao Huasheng, director of the Center for Russia and Central Asia Studies at Fudan University in Shanghai, wrote in a recent paper.

China dislikes the Taliban because of their close relations with the East Turkestan group, but deals with the Taliban on a pragmatic basis, he wrote.

Looking toward the uncertainties of post-2014 Afghanistan, China has already established some forms of communication with elements of the Taliban through the channels of the Pakistani military, said Sajjan Gohel, the international security director of the Asia-Pacific Foundation, a London-based group.

''Beijing wants guarantees that the Taliban will not give sanctuary or support to the Uighur terrorists should they develop an open presence in Afghanistan after the troop handover,'' Mr. Gohel said.

The prospects of instability in Afghanistan have not discouraged China's investments in big energy and mining projects.

The China National Petroleum Company signed a deal in December to explore oil and natural gas in the Amu Darya River Basin, an area where the Soviet Union held concessions during its occupation.

As part of the deal, the Chinese company pledged to build Afghanistan's first oil refinery within three years.

In 2008, the China Metallurgical Construction Company invested more than $3.5 billion in the Aynak Copper Mine in Logar Province in Afghanistan, not far from the Chinese border.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** June 9, 2012

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: President Hamid Karzai of Afghanistan and his Chinese counterpart, Hu Jintao, at a welcoming ceremony at the Great Hall of the People in Beijing on Friday. (PHOTOGRAPH BY DIEGO AZUBEL/EUROPEAN PRESSPHOTO AGENCY)

**PUBLICATION-TYPE:** Newspaper

Copyright 2012 The New York Times Company

7 of 100 DOCUMENTS

The New York Times

June 1, 2012 Friday

Late Edition - Final

**Beijing Exhibiting New Assertiveness In South China Sea**

**BYLINE:** By JANE PERLEZ; Bree Feng contributed research from Beijing.

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 10

**LENGTH:** 1472 words

MANILA -- In tropical waters off the coast of the Philippines, a standoff between half a dozen Chinese fishing boats, two Chinese law enforcement vessels and an aging Philippine Navy ship recently attracted a lot of attention in Washington, Beijing and other capitals across Asia.

Superficially, the squabble was over some rare corals, clams and poached sharks that Philippine Navy seamen were trying to retrieve in early April from the fishing boats operating in the Scarborough Shoal of the South China Sea until two Chinese Marine Surveillance craft intervened. After two tense days, the Philippine ship -- a refitted Coast Guard cutter sent by the United States last year to beef up its ally's weak defenses -- withdrew.

But the stakes were much larger, as the insistent claims ever since of sovereignty over the shoal by both the Philippine and Chinese governments made clear. The incident intensified longstanding international questions over the strategically critical, potentially energy-rich South China Sea that have become more urgent this year as the long-dominant United States and fast-growing China both seek to increase their naval power in the region.

''We're just pawns,'' said Roberto Romulo, a former foreign secretary of the Philippines who argues that China is flexing its muscles in a bid to gain unimpeded access to vast reserves of natural gas and oil believed to be buried under the South China Sea. ''China is testing the United States, that's all it is. And China is eating America's lunch in Southeast Asia.''

More recently, a senior Chinese military officer even dismissed any legitimate role for the United States in the South China Sea. ''The South China issue is not America's business,'' Gen. Ma Xiaotian, the deputy chief of general staff of the People's Liberation Army, said in an interview broadcast Monday by Phoenix TV in Hong Kong. ''It's between China and its neighbors.''

The general's statement appeared to throw down a challenge to the Obama administration, which has sought in the past six months to enhance United States military strength around the western Pacific and East Asia, where the South China Sea serves as an essential waterway for not only the United States Navy but also for a large portion of the world's trade.

From placing Marines in the northern Australian port city of Darwin to increasing military relations with Vietnam, a country with an uneasy relationship with China, Washington has signaled its intention of staying, not leaving.

In the latest sign of its resolve to stand firm on Chinese assertiveness in the South China Sea, the administration sent Secretary of State Hillary Rodham Clinton and Defense Secretary Leon E. Panetta to testify last week before the Senate Foreign Relations Committee on the need for the United States to ratify the United Nations treaty that is intended to govern the world's oceans.

China is one of 162 countries that has ratified the Law of the Sea treaty. But the United States has not done so, holding back from formal approval ever since President Ronald Reagan refused to sign it when it was completed in 1982.

A major goal of the joint appearance, administration officials said, was to strengthen the legal hand of the United States so that its navy can be assured the freedom of navigation that the treaty recognizes beyond any nation's territorial limit of 12 nautical miles.

In contrast, Western diplomats say, China argues that freedom of navigation comes into force only 200 nautical miles from a nation's coast, an argument that contravenes the Law of the Sea and, if put into effect, would basically render the South China Sea Beijing's private preserve.

While China may have no interest in blocking shipping in the South China Sea, there is also no doubt that it has begun to project its power in the area. Vietnam, for example, claims that Chinese boats twice sabotaged oil exploration efforts last year by deliberately cutting ship cables in its waters. China said one of the cable-cutting incidents was accidental.

Meanwhile, China is expected to deploy its first aircraft carrier this year.

Two-thirds of the world's natural gas trade passes through the waters of the South China Sea, according to a report by Yang Jiemian, president of the Shanghai Institutes for International Studies. The sea is the main passageway for oil from the Middle East to China, Japan, South Korea and the rest of Asia.

Now the sea itself is believed to hold a substantial reservoir of energy, with some experts predicting that under the seabed lies as much as 130 billion barrels of oil and 900 trillion cubic feet of gas.

''Possibly and hopefully the South China Sea will be a productive energy source,'' Xu Xiaojie, a former director of overseas investment for China National Petroleum Corporation, said in an interview. The Chinese Ministry of Land and Resources has done studies on the energy resources in the sea, Mr. Xu said, but detailed results have not been released.

In May, China National Offshore Oil Corporation, which until now has only had the technical ability to drill in shallow water, began its first deep-sea drilling project in an undisputed area of the South China Sea south of Hong Kong.

For China, the South China Sea is an integral part of its history. Days after the incident at Scarborough Shoal, known as Huangyan Island in China, the Chinese Foreign Ministry outlined some of the basic facts as interpreted by China. In 1279, the Chinese astronomer Guo Shoujing was commissioned by Emperor Kublai Khan to survey the seas around China. Huangyan Island was chosen as the starting point for the survey, the ministry said.

Mr. Romulo, the former foreign secretary, recalled that Zhou Enlai, the longtime second-in-command to Mao Zedong, had once pulled out a map to show his father, Carlos P. Romulo, who also served as a Philippine foreign secretary, that the Philippines rightfully belonged to China.

Aside from China and the Philippines, three other countries in Southeast Asia -- Brunei, Malaysia and Vietnam -- make claims to islands in the sea. So does Taiwan.

Most perplexing to some claimants is China's insistence on what is referred to as a nine-dash map that Beijing says shows its territorial claims. The nine dashes were originally drawn as 11 in 1947, before the Communist victory, and then amended to nine in the early 1950s to bypass the Gulf of Tonkin as a courtesy to the Communists in Vietnam.

By some estimates the nine dashes incorporate about 80 percent of the South China Sea. The line encompasses the Spratly Islands and Paracel Islands, which Vietnam also claims. The two nations fought sporadically over their competing claims in the 1970s and 1980s.

From each land feature within the nine-dash line -- some of them little more than small rocks -- China claims a 200-nautical-mile exclusive economic zone that it says gives it the rights to the resources there according to the terms of the Law of the Sea.

According to officials here in Manila, China's line runs inside the 80-nautical-mile stretch of water between Palawan Island and Reed Bank, where a Philippine company says it has found significant deposits of natural gas. The Philippine government of President Benigno S. Aquino III backs a plan to begin drilling off Reed Bank in the next few months.

How China will react is an open question. Nationalist sentiment within China is riding high on the South China Sea, and the government itself seems divided, on tactics at least.

Western diplomats say the Foreign Ministry, while remaining firm, would like to find a solution to the quarrel with the Philippines, perhaps involving joint ventures between companies from both countries. But People's Liberation Army Daily, the military newspaper, has published strident editorials, stating that China will not stand for the Philippines or any other country claiming what is rightfully China's.

''If China's leaders follow the Chinese people, the policy on South China Sea and Southeast Asia will become very militant,'' said Shi Yinhong, professor of international relations at Renmin University in Beijing.

Reflecting Washington's rising concern about the South China Sea, Mr. Panetta, the defense secretary, plans to deliver what is being billed as a major policy speech on Saturday at an annual conference sponsored by the International Institute for Strategic Studies, based in London, which is bringing together an influential audience of Asian officials in Singapore this weekend.

Others will be paying close attention to what Mr. Panetta has to say as well. After China warned India this year about exploration by an Indian company in waters off Vietnam, the company pulled out, citing technical reasons. But that was not the last word from India.

''The South China Sea,'' said S. M. Krishna, India's foreign minister, ''is the property of the world.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** June 1, 2012

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: China National Offshore Oil Corporation's first deepwater oil drilling rig debarking last month. (PHOTOGRAPH BY AGENCE FRANCE-PRESSE -- GETTY IMAGES) MAP: Sparring Over the South China Sea: Two archipelagos in the South China Sea, clusters of hundreds of tiny islands known as the Paracel and Spratly Islands, have been the focus of a series of territorial disputes among the countries surrounding the strategic waterway. The islands are not particularly desirable in their own right, but for their proximity to some of the world's most important shipping lanes, and their claim on waters rich in seafood and a seabed that is believed to contain substantial oil and gas resources. The lines show various territorial claims, while the nine dashes reflect the extent of China's historic claim to much of the sea. (Source: United States Geological Survey, GEBCO)

**PUBLICATION-TYPE:** Newspaper

Copyright 2012 The New York Times Company

8 of 100 DOCUMENTS

The New York Times

May 11, 2012 Friday

Correction Appended

Late Edition - Final

**Dispute Between China and Philippines Over Island Becomes More Heated**

**BYLINE:** By JANE PERLEZ; Bree Feng contributed research.

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 12

**LENGTH:** 851 words

BEIJING -- China escalated its quarrel with the Philippines over an island in the South China Sea on Thursday, halting Philippine bananas at customs for longer inspections and starting an official media campaign that suggested that any claims on the island represented an infringement of Chinese sovereignty.

So far, China has not brought the United States into this renewed round of tension with the Philippines, but in the past few weeks the Chinese have said that the Philippines was daring to challenge China around an island in the South China Sea because of its alliance with Washington.

China and the Philippines have competing claims on the island, known as Huangyan Island by the Chinese and Panatag Shoal by the Philippines.

The South China Sea has become a major testing ground of China's foreign policy and its growing maritime power, even as the top Communist Party leadership is preoccupied by a power struggle before the 18th Party Congress to be held this fall. Some Western analysts have suggested that Beijing's increasing belligerence with the Philippines is aimed at shoring up domestic public opinion during a delicate transition period by using the issue of sovereignty as a popular rallying point.

The People's Liberation Army Daily, the newspaper of the army, ran a tough editorial on Wednesday saying that China would not stand for anyone's snatching the sovereignty of Huangyan Island. ''Not only the Chinese government will not agree, neither will the Chinese people, and the Chinese Army will disagree even more,'' the editorial said.

At the Foreign Ministry, a spokesman, Hong Lei, said at the regular briefing Thursday that the Philippines should stop escalating tensions and warned that Manila must take responsibility for the dispute over the island.

A new round in the longstanding quarrel began earlier in the week when Fu Ying, the vice minister of foreign affairs, told the chief Filipino diplomat in Beijing that Manila was ''severely damaging the atmosphere of the bilateral relations between China and the Philippines.''

An account of the meeting between the Chinese official, Ms. Fu, and the charge d'affaires of the Philippine Embassy in Beijing, Alex Chua, appeared prominently in the Chinese press.

Ms. Fu was quoted as urging the Philippines to withdraw all its vessels from the island waters and to stop operations against Chinese fishing boats and Chinese law enforcement vessels.

At sea, the dispute flared in early April when the Philippines said one of its warships had found eight Chinese fishing vessels near the disputed island. Philippine Navy personnel boarded the Chinese vessels, where the Filipinos claimed they found large quantities of illegal coral and fish. Chinese surveillance ships arrived, preventing the arrest of the Chinese fishermen, the Philippines said at the time.

Soon afterward, the United States held annual maritime exercises with the Philippines, exacerbating China's arguments that Manila was acting with the support of its American ally.

The South China Sea has taken on a new importance for China in the past several years as a promising source of oil and gas close to home.

A recent report on China's involvement in the South China Sea by the International Crisis Group, a nongovernmental research organization that focuses on conflict resolution, noted that much of the attention on the sea stemmed not only from the issue of sovereignty but also ''the region's abundant natural resources and strategic location.''

The uncertainty of China's legal claims and attempts to enforce sovereignty in areas that were far from what was reasonably considered to be part of China's exclusive economic zone put China at odds with other claimants, including Vietnam and the Philippines, the report said.

On Wednesday, China's largest offshore oil producer, the China National Offshore Oil Corporation, began drilling a deep-sea well in an area about 200 miles southeast of Hong Kong. The drilling was not believed to be in hotly disputed waters. But the company announcement that it would drill for 56 days and was optimistic about finding oil was heralded in the Chinese press.

The drilling operation is using the first deep-sea drilling platform developed by its own engineers.

The extension of the dispute to banana imports came Thursday when a document by the Chinese government agency in charge of quarantining questionable food imports was made public on a Chinese Web site, saying that 1,200 containers of bananas from the Philippines had been held at various ports on the grounds of ''quarantine concerns.'' The quarantine agency urged the local authorities to increase examinations for harmful organisms, the official Xinhua news agency said.

In what appeared to be another punitive economic action against the Philippines, the China International Travel Service, a large government-run travel agency, said it was postponing trips to the Philippines on grounds of safety. The Chinese Embassy in Manila warned Chinese citizens to be especially vigilant Friday when it said anti-Chinese rallies were planned in the Philippines.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** May 12, 2012

**LANGUAGE:** ENGLISH

**CORRECTION-DATE:** May 12, 2012

**CORRECTION:** An article on Friday about an escalation in the quarrel between China and the Philippines over an island in the South China Sea misstated, in some editions, the day on which anti-Chinese rallies were planned in the Philippines. They were held on Friday; they were not scheduled for today.

**PUBLICATION-TYPE:** Newspaper

Copyright 2012 The New York Times Company

9 of 100 DOCUMENTS

The New York Times

May 2, 2012 Wednesday

Late Edition - Final

**China's Trade Imbalance Is Vanishing**

**BYLINE:** By EDUARDO PORTER.

E-mail: eporter@nytimes.com; Twitter: @portereduardo

**SECTION:** Section B; Column 0; Business/Financial Desk; ECONOMIC SCENE; Pg. 1

**LENGTH:** 1518 words

America's economic imbalance with China has been a singular concern of policy makers for more than half a decade. Senators Charles E. Schumer and Lindsey Graham wanted to punish China for pegging the exchange rate to the dollar in 2005 -- arguing that its policy of cheapening the currency to subsidize exports was fueling a huge trade surplus that cost America jobs.

Their bill never passed. But reducing China's surpluses has remained at the top of the bilateral agenda ever since.

Something unexpected has happened to China's economy, however. Its surplus with the rest of the world has largely disappeared.

China's imbalance with the United States is still likely to take center stage when Treasury Secretary Timothy F. Geithner sits down to the fourth round of the U.S.-China Strategic and Economic Dialogue this week. But he will have a harder time making the case that America's trade deficit is somehow China's fault.

China's current-account surplus -- the broadest measure of its trade relations, which tracks how much more China exports in goods and services than it imports -- has plummeted. In 2007 it amounted to more than 10 percent of the entire Chinese economy.

By last year it had shrunk to about 2.8 percent. And the International Monetary Fund estimates it will decline to 2.3 percent of the nation's output in 2012, the smallest since 2001.

The United States' current-account deficit has shrunk, too, to 3.1 percent from 5.1 of American gross domestic product. Senator Schumer and colleagues nonetheless continue to attack China for its cheap currency. Last October the Senate passed a bill, which has yet to pass the House, to let American companies seek duties on Chinese imports to compensate for what is said to be an undervaluation.

Mitt Romney has promised that if he becomes president he will declare China guilty of currency manipulation, something which the Obama administration has declined to do and which would pave the way to slapping duties on Chinese exports.

But to hear leaders in Beijing, the problem is solved. In March, China's premier, Wen Jiabao, said the Chinese currency may ''have reached its equilibrium level.'' China's currency manipulation is undisputed. The government tightly controls the exchange rate to preserve the competitiveness of Chinese exports. The manipulation has been at the core of a strategy that led China's merchandise exports to quintuple from 2000 to 2010, increasing its share of world exports by about 0.75 of a percentage point a year, according to the I.M.F.

Still, there is reason to think that China's economic strategy may be turning a corner. While its current-account surplus with the United States, $318 billion last year, was somewhat bigger than it was in 2007, China actually ran a big deficit with the rest of the world. China's vast takeover of world markets may be running out of steam.

''The rapid growth of China's export market share during the past decade was the result of a variety of factors that have largely run their course,'' noted the I.M.F.'s World Economic Outlook, published in April. These include cheap labor, multinationals' outsourcing of production to China, a huge jump in productivity and China's 2001 entry into the World Trade Organization, which limited the ability of other countries to stop its exports.

There is scattered evidence. China's wages have been rising over the last decade -- about 10 percent a year in real terms, according to Nicholas R. Lardy of the Peterson Institute for International Economics. The combination of climbing Chinese wages and transportation costs has led American companies, including General Electric and Master Lock, to reassess their global production lines and move some production back to the United States.

Though China has only slowly loosened its grip on the exchange rate, the appreciation is greater than it might appear at first sight. Nominally, China's renminbi has risen 8 percent against the dollar since June of 2010. But factoring in China's higher inflation, it has gained about 13 percent. And it has appreciated about 40 percent in real terms since 2005.

This is making a difference. The I.M.F. forecasts that China's surplus will rebound gradually to 4.25 percent of the country's output by 2017. But it noted that if the renminbi continues to gain -- either through faster appreciation or sustained higher inflation -- the surplus will be smaller.

Skepticism is warranted, of course. It is too soon to know whether these changes really mean China is turning a page in its development strategy. The I.M.F.'s central forecast is that China's share of world markets will keep growing at the same rate as in recent years.

An important reason the surplus shrank in China is that the global recession clipped consumer spending in its main export markets in the United States and Europe. China's own reaction to the global contraction -- a huge buildup of roads, rail and other public infrastructure alongside a wave of cheap lending for private investment in construction and other projects -- sucked in imports rapidly.

These factors are unwinding. What is more, the investment boom could help Chinese companies gain share in new, high-tech markets where they did not compete before. In the wind energy industry, for example, China now has about 6 percent of world exports, up from almost zero five years ago.

Still, China has not adopted many of the reforms that economists suggest are needed to lay the groundwork for a new phase of development that relies less on exports to other countries and depends more on the spending of the Chinese themselves. To do this, wages and incomes must rise.

The government must bolster the social safety net -- providing better pensions and health care to Chinese families so they do not have to save every last penny in case of a rainy day. And interest rates on bank deposits -- which the government keeps artificially low to reduce its borrowing costs and provide cheap credit to industry -- must rise too, so consumers can get a return on their savings.

Despite these uncertainties, the goal of a more balanced Chinese economy is closer than it has been in at least a decade.

Some effects of the global recession will linger. Exports of machines and equipment to the United States, accounting for 10 to 15 percent of China's export growth early in the last decade, will not recover until the American housing market does. And China's terms of trade will get worse as the price of energy and the other raw materials it imports keeps rising even as the electronic devices and other machines it exports keep getting cheaper.

China has already saturated markets in many of the low-tech goods it makes -- toys, for example. And gaining new markets in higher-tech goods against established rivals is likely to become increasingly difficult.

And weird as this may seem for a country of 1.4 billion people, China is looking at a labor shortage down the road that will start increasing wages ahead of productivity growth, eroding China's competitive edge. Its working-age population is expected to peak and start shrinking within five years, partly as a result of the one-child policy that depressed birthrates and accelerated the aging of the population.

China's backward farm economy will continue shedding workers for a few years, adding to the urban labor force. Still, Chinese factories on the coast are having a harder time drawing workers from the agricultural hinterland in the west. That is partly because rising food prices are raising farm incomes. And it is partly because living conditions are grim in Chinese cities, where workers must make do without a social safety net.

Whether China's economy stays on a more balanced keel is important for the entire world, which is struggling with weak consumer demand after a deep recession. It is also important for China -- whose reliance on exports to drive employment and growth is distorting the economy, repressing consumer demand, feeding a surge in unproductive investment and loading banks with dubious loans.

China's economy is in a peculiar spot. Its surplus has shrunk drastically, but without any of the reforms needed to transform China into more of a consumer economy that relies less on exports. In fact, household consumption has fallen consistently as a share of the economy since the early 1990s.

This path leads nowhere good. Further investment booms may continue to shrink China's trade surplus. But they come at a high cost: more resources wasted on empty buildings and unused roads.

Fortunately, China's leaders appear to understand the need to change. The 12th five-year plan begun last year is centered on the goal of raising family incomes, shifting to an economy more reliant on the production of services and building the kind of safety net that gives the Chinese people the confidence to spend some of their vast savings.

If these reforms are actually made, China could be on a more sustainable path of economic growth that would increase the well-being of regular Chinese. And American senators would have to blame somebody else for the nation's trade deficit.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** May 2, 2012

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: Treasury Secretary Timothy Geithner with Vice Premier Wang Qishan of China at the 2011 Strategic and Economic Dialogue. (PHOTOGRAPH BY JASON REED/REUTERS) (B7) CHART: A Declining Trend: China's imports and exports are coming into equilibrium, sharply narrowing its surplus. But the American deficit is proving more stubborn.

CURRENT-ACCOUNT BALANCE (Source: International Monetary Fund) (B7)

**PUBLICATION-TYPE:** Newspaper

Copyright 2012 The New York Times Company

10 of 100 DOCUMENTS

The New York Times

April 30, 2012 Monday

Correction Appended

Late Edition - Final

**In China, Foreign Films Meet Powerful Gatekeeper**

**BYLINE:** By MICHAEL CIEPLY and DAVID BARBOZA; Michael Cieply reported from Los Angeles, and David Barboza from Beijing. Reporting was contributed by Brooks Barnes from Los Angeles, Edward Wyatt from Washington, and Edward Wong and Jonathan Landreth from Beijing. Gu Huini contributed research from Beijing.

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1556 words

LOS ANGELES -- Any foreign movie knocking on China's door must pass through powerful gatekeepers -- the China Film Group and its chief executive, Han Sanping.

The China Film Group functions as the Chinese government's guardian of a film market that recently shot past Japan's to become the world's second-largest in box-office receipts behind the United States. On a broad array of business dealings -- censorship, distribution and co-productions, among others -- it is the conduit for foreign moviemakers hoping to make or distribute films in China.

But Mr. Han and his group are also supervising a trade route that is suddenly under close watch by regulators in Washington, after reports last week that officials in the United States are examining whether American film companies have violated domestic law by making illegal payments to officials in China.

In March, the Securities and Exchange Commission wrote to major film companies and smaller competitors -- including Walt Disney, 20th Century Fox and DreamWorks Animation -- requesting information about their business practices in China, according to people with knowledge of the investigation, who spoke on condition of anonymity because the matter could end up in court.

The investigation was set off by a whistle-blower, one of the people said. It is not known specifically which American business dealings with China are under investigation, but this person said the Hollywood companies were told to freeze all files, e-mails and other data related to getting films made or distributed in China. Several people briefed on the letters described some aspects of them, but all spoke on condition of anonymity because of confidentiality strictures.

While the letters are said to include no specific reference to China Film, executives scrambling to comply with the request are preparing as if their dealings with the group are part of the inquiry because of its all-important role in getting films made in China, according to executives based in the United States and in China.

The S.E.C. inquiry, which would have direct legal consequences only for companies with an American presence, is certain to make Hollywood studios that do business in China even more wary of possible missteps.

It has also focused fresh attention on the official Chinese apparatus for making and distributing films, beginning with the State Administration of Radio Film and Television and extending to the China Film Group, a state-controlled entity without whose support a foreign film is not allowed to enter China.

''It's the equivalent of Universal, Sony, the M.P.A.A. and Regal all tied up in one,'' said an American producer who has done business extensively in China. His description compared the China Film Group to a pair of major studios, the Motion Picture Association of America trade group, and America's largest theater chain, Regal Entertainment Group, but with the added authority of a government franchise.

In China film circles, Mr. Han's name requires little explanation: He is called ''Master Han'' or ''the godfather of the Chinese movie industry.''

He had a role in directing ''The Founding of a Republic,'' and ''Beginning of the Great Revival,'' a pair of patriotic Chinese epics about Mao and the founding of the Communist Party.

That role comes atop producing credits on more than four dozen movies, most of them Chinese, but at least two -- ''The Karate Kid,'' from Sony Pictures Entertainment, and ''Mission: Impossible III'' -- that were made by Hollywood studios for global markets with involvement by the China Film Group.

In person, Mr. Han, who speaks little or no English, can nevertheless come across as an almost stereotypical Hollywood producer, an acquaintance said. He is demonstrative and colorfully expressive when speaking, and appears eager to befriend and be seen with Western movie stars, the acquaintance said.

Spokesmen for Sony and Paramount declined to discuss the dealings by their companies with Mr. Han. One person briefed on ''The Karate Kid,'' which was released in 2010, said the China Film Group was entitled to designate an executive producer in return for its financial contribution to the film -- about $5 million of a $40 million budget -- and chose Mr. Han in his role as chief of the film group. Spokesmen for all of the major studios and DreamWorks Animation declined to discuss the current investigation, or did not respond to queries.

In a telephone interview Saturday, Mr. Han said he was unaware of the S.E.C. investigation. Asked whether he had ever seen evidence of improper payments involving American companies, he said through a translator: ''How would I know about this? I don't even have a clue.''

Separately, Yuan Wenqiang, the general manager of the China Film Group's import-export unit, said the group nature of film distribution decisions in China left ''little room'' for bribery.

Mr. Han said his group assisted in the filming of ''Mission: Impossible III'' in China, but did not back it as a co-production. ''My work is not only going through the administrative process, but also a substantial amount of groundwork to make sure the shooting could go smoothly inside China,'' he said. ''As the president of C.F.G., I have this responsibility.''

It was not so long ago that film in China was a medium largely for propaganda. But in recent years moviemaking has opened up to outside influence, and now includes what for China are newer genres like romantic comedy.

As China's central planners try to steer the economy toward consumerism from manufacturing, they are trying to double the share contributed to the economy by filmed entertainment and other media in the next five years. Movies are seen as an essential component of Beijing's plan to drive consumer spending into the nation's vast interior.

Hollywood has been keen to further expand in this growing market. In February, high level discussions between the United States and China produced an agreement granting American studios the right to release more films each year in China, and to keep a greater percentage of the box-office revenue. DreamWorks Animation is building a studio in Shanghai, and Disney's Marvel Entertainment unit plans to shoot part of ''Iron Man 3'' in China with financing from Beijing-based DMG Entertainment. But many in the entertainment industry in China say American media executives know the difference between entertaining officials and bribing them.

Stephen L. Saltzman, an entertainment law specialist in Los Angeles for Loeb & Loeb, said he had not seen evidence of corruption in his experience with the Chinese-related films. ''I have in all of my dealings not encountered anything,'' said Mr. Saltzman, who spoke by telephone last week. ''These are very sophisticated companies who understand the rules.''

Film executives around the world have long understood the authority invested in the China Film Group. In an unusually detailed assessment of the Chinese film market last year, the Italian Trade Commission -- relying on interviews and industry databases to make sense of a poorly understood and rapidly changing system -- found the group at virtually every point of entry for a foreign movie. Only the Huaxia Film Group and the China Film Distribution Company were authorized to distribute imported films, the commission reported.

(Mr. Han said Huaxia operates separately; the Italian report described Huaxia as being owned by a group of companies that includes the China Film Group. Huaxia and the China Film Group sometime subcontract distribution to others, it said.)

Co-productions with Chinese companies by foreign producers are subject to the authorization of the China Film Co-Production Company, a China Film Group unit, the report said.

Submission to the Chinese censors, who typically spend 15 to 30 business days reviewing a film and sometimes demand changes, again runs through the film group. Several of the largest theater chains, the commission found, were at least partly owned by the group.

On a visit to Los Angeles in March, about two weeks before the S.E.C. sent its letters, Mr. Han was received in a manner that matched his obvious power in China. He was widely reported to have visited with high executives at Sony, Universal and Disney, and to have paid a call on Bruce Willis, who is starring in a coming film, ''Looper,'' that was shot partly in Shanghai, with backing from China. Mr. Han was accompanied by Dan Mintz, an American-born advertising executive based in China who is among the producers of ''Looper.''

Mr. Mintz, in a 2006 profile in the magazine Fast Company, was called a master of ''guanxi,'' the Chinese art of using relationships and clout to navigate potential impediments. In April, Marvel announced that Mr. Mintz and his company, DMG Entertainment, would join in making ''Iron Man 3'' under a co-production deal that would help to cement its access to the Chinese market when the film is released in May 2013.

Mr. Mintz and spokesmen for Disney and Marvel declined to discuss details of their alliance.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** May 1, 2012

**LANGUAGE:** ENGLISH

**CORRECTION-DATE:** May 01, 2012

**CORRECTION:** This article has been revised to reflect the following correction: A reporting credit on Monday with an article about the film business in China misidentified the city from which Gu Huini contributed research. She was in Shanghai, not in Beijing.

**GRAPHIC:** PHOTOS: ''The Karate Kid'' from Sony Pictures Entertainment was made for world markets with involvement by the China Film Group, which is led by Han Sanping, left, and is the conduit for foreigners seeking to make or distribute films in China. (PHOTOGRAPHS BY JASIN BOLAND/COLUMBIA PICTURES

CHINA PHOTOS, VIA GETTY IMAGES) (B6)

**PUBLICATION-TYPE:** Newspaper

Copyright 2012 The New York Times Company

11 of 100 DOCUMENTS

The New York Times

March 29, 2012 Thursday

Late Edition - Final

**Nokia to Offer Lumia Smartphones in China in April**

**BYLINE:** By KEVIN J. O'BRIEN

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 2

**LENGTH:** 488 words

BERLIN -- Nokia said Wednesday that it would begin selling its new line of Lumia phones in China next month through one of the country's largest mobile operators as it looks to speed its recovery in the lucrative market for smartphones.

China Telecom, with 126 million customers, will begin selling the Nokia Lumia 800C, a third-generation smartphone using the Windows operating system, in April. The operator will also begin selling the Lumia 610, Nokia's least expensive Windows smartphone, by June.

A Chinese mobile analyst said the product introductions were likely to lift Nokia's chances of building momentum for Lumia Windows phones in China and in other countries. Under its year-old collaboration with Microsoft, Nokia is phasing out smartphones using its own Symbian operating system in favor of Windows.

''Nokia's Windows phones will greatly help the company improve its market performance in China,'' said Kevin Wang, an analyst at the research firm IHS Global Products and Services in Shanghai.

The Chinese smartphone market is booming, and Nokia has timed the introduction of the Lumia 800C to exploit the anticipated surge in growth. Sales of smartphones in China are expected to rise to 120 million this year from 65 million in 2011, according to IHS.

The Lumia 800C and 610 will run on China Telecom's wireless network, which uses a local variant of the code division multiple access, or CDMA, international technology standard. After initial introductions in some European and Asian markets last year, Nokia is planning to bring Lumia phones to the United States and Latin America this year.

Sales of CDMA phones in China are expected to reach 60 million units this year from 30 million in 2011. Last year, Nokia had 1 percent of China's CDMA market, Mr. Wang said. But that share is likely to grow, he said, through the cooperation with China Telecom.

Nokia, the maker of mobile phones, has been a longtime employer and supplier of phones in China. In 2011, China accounted for 17 percent of Nokia's global sales. The company, based in Espoo, Finland, sold 65.8 million cellphones, mostly not its smartphones, last year in China, which generated sales of $6.7 billion. Nokia employed 22,568 people in China in 2011.

The Nokia chief executive, Stephen A. Elop, said Nokia planned to sell its full line of Lumia smartphones, which includes the Lumia 710, 800 and 900, in China by the end of June. Those sales could take place through China Telecom or with other operators, Mr. Elop said.

Mr. Elop and Wang Xiaochu, the chairman of China Telecom, announced the introduction at a news conference in Beijing. Mr. Elop, a former Microsoft senior executive, said China Telecom and Nokia had worked closely to integrate China Telecom services on the devices.

The Lumia 800C, which is expected to cost 3,599 renminbi ($571) without the operator's subsidy, will have music, games, video and reading applications on its home screen.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** March 29, 2012

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: Stephen Elop, Nokia's chief, introduced the Lumia 800C smartphone to Beijing on Wednesday. (PHOTOGRAPH BY NG HAN GUAN/ASSOCIATED PRESS)

**PUBLICATION-TYPE:** Newspaper

Copyright 2012 The New York Times Company

14 of 100 DOCUMENTS

The New York Times

December 9, 2011 Friday

Late Edition - Final

**Rise of a Trading Power, in 10 Years**

**BYLINE:** By KEITH BRADSHER

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1439 words

HONG KONG -- As China heads into a weekend of speeches celebrating its 10 years as an official member of the global trade community, the rest of the world may want to contemplate the exported $49 microwave oven and the imported $85,000 Jeep Grand Cherokee.

Sunday is the 10th anniversary of China's joining the World Trade Organization -- a membership that helped turn China into the world's biggest economy after the United States. Companies and consumers worldwide have benefited from China's emergence as a top trading partner. And yet, because of special breaks and loopholes for China when it joined the W.T.O., it still shields its domestic markets from foreign competition much more than any other big nation.

Consider that $49 microwave oven and $85,000 Jeep.

Microwave oven prices have plunged in the West over the past decade, largely because China has combined inexpensive labor, excellent infrastructure and heavy factory investment to produce the ovens and a wide range of other consumer goods for export, making creature comforts more affordable to customers around the world.

Further, W.T.O. rules against protectionism have made it difficult for countries in the West to limit China's sixfold surge in exports during those 10 years, even as the Chinese flood of products has forced factory closings and layoffs elsewhere.

But price tags on imported cars at dealerships in Beijing, Shanghai and other Chinese cities signal how China has continued to protect its home market under the special terms of the W.T.O. agreement it negotiated before joining the trade group.

In the United States, prices for a Detroit-made Jeep Grand Cherokee start at $27,490. But in China, after tariffs and other protective fees, it sells for $85,000 or more. (It's no surprise that Chrysler has sold fewer than 2,500 of them so far this year in China.)

Foreign trading partners often chafe at the way China uses the W.T.O. rules to its advantage.

The Chinese economy's ''spectacular rise would not have been possible without the open global trading system that China was able to benefit from during the past 10 years,'' said Karel de Gucht, the European Union's trade commissioner.

''At the same time,'' he said, ''China is having to increasingly recognize and respect not only the legal responsibilities it now faces as a member of a global rules-based body, but also the W.T.O. 'spirit' of promoting open markets and nondiscriminatory principles.''

Chinese officials have been effusive in the run-up to their W.T.O. anniversary. ''We believe that our 10-year arrangement has been successful -- the results of the past 10 years are welcome and a valuable inspiration,'' Yu Jianhua, China's assistant minister of commerce, said at a news conference last month in Beijing.

The roots of China's economic model trace to the singular terms under which the nation joined the World Trade Organization, which now has 153 members.

Based in Geneva, the group was established in 1995 as the successor to an international framework called the General Agreement on Tariffs and Trade -- GATT, as it was known -- that had been mapped out in the early years after World War II.

After negotiating for 15 years to be admitted to GATT and then to the W.T.O., China was finally let in after agreeing to accept the W.T.O.'s broad free trade rules. But as all new members do, Beijing also had to negotiate a lengthy document, known as an accession agreement. It spelled out thousands of details tailored to the specifics of the economy of China, which then was still very much a developing country.

The agreement required China to lower its tariffs to levels below those of many other developing countries. But compared with most industrialized countries, China was allowed to impose considerably higher tariffs -- tariffs China has retained even as its economy has subsequently grown to No. 2 in the world.

The clearest example of W.T.O. ascendance China-style may be in automobiles. Even though China's auto manufacturing industry and car market are now both the world's largest, China continues to shelter them behind the highest trade barriers of any large industrial economy.

It retains a prohibitive tariff of 25 percent on imported cars, for example, which helps explain why imports represent only 4 percent of the light vehicles sold in China.

Japan, by comparison, no longer has any tariffs on imported cars, while South Korea has an 8 percent tariff and the European Union a 10 percent tariff. The United States, meantime, has a tariff of only 2.5 percent for imported cars, minivans and sport utility vehicles.

But the 25 percent tariff is only one reason a Grand Cherokee costs three times as much in Chongqing as in Chicago. In the name of energy conservation, China also assesses a sales tax of up to 40 percent of the vehicle's price based on its engine size. Small, fuel-sipping Chinese cars pay the lowest rate, as little as 1 percent, while gas-guzzlers from the United States and Europe pay the highest rate.

China also collects a 17 percent value-added tax on almost everything sold in the country, whether imported or domestically produced. But like many European nations, China uses a W.T.O. provision that allows the tax to be fully refunded to China's export producers, who often pass along the saving to foreign buyers.

What's more, China limits foreign manufacturers to no more than 50 percent ownership of car assembly plants in China. That special rule, which China managed to negotiate for its W.T.O. accession agreement when its auto industry seemed tiny and vulnerable, has forced multinationals to set up numerous joint ventures in China and to transfer a wide range of technology to those Chinese partners.

China's W.T.O. agreement did open many service sectors of the Chinese economy, like transportation, banking and retailing, to foreign competition.

FedEx, for example, has expanded rapidly in China and now has 9,000 employees in the country. The company also relies heavily on American-made Boeing 777-Fs, with mostly American pilots, to ferry an ever-rising tide of Chinese goods to the FedEx hub in Memphis.

And Wal-Mart has been able to open 353 retail stores in China, despite the hostility of many small, local retailers.

China's W.T.O. agreement had some big omissions, including the thorny question of whether to let foreign companies bid on Chinese government projects -- an issue that remains unresolved.

China got many of its breaks because the W.T.O. and its members, including the United States, were eager to accept it into the international trade group to encourage Beijing's embrace of capitalism and to make it a more fully vested participant in the global community.

But trade officials say that they never expected all the terms of China's accession agreement to last as long as they have.

Instead, China and other trading nations had expected to reduce trade barriers further in the Doha Round of global trade talks. But the talks dragged on and then effectively collapsed in 2008 -- despite periodic efforts to revive it, including a meeting of ministers next week in Geneva.

While China is acutely aware of other countries' concerns about its tariffs, it is leery of lowering them unilaterally without concessions from other countries, said He Weiwen, a council member of the China Society for W.T.O. Studies in Beijing.

For the West, the open question is whether China's high tariffs and other market protections will be allowed to remain in place indefinitely. Just as worrisome: a few provisions in the agreement that were meant to blunt the competitive impact of Chinese exports on Western industries are starting to expire.

The most notable of these is China's current designation under its W.T.O. agreement as a ''nonmarket economy.'' The label makes it fairly easy for overseas industries to accuse Chinese companies of dumping goods into their markets at prices below cost, and to seek steep tariffs on their shipments.

That is just the sort of accusation, in fact, that American solar panel manufacturers have leveled at China in a trade case pending at the Commerce Department in Washington -- a case the American industry is widely expected to win.

But under the W.T.O. agreement, China will automatically be relabeled a market economy in 2016. That status will make it harder for companies in other countries to win antidumping decisions against China -- and will probably clear the way for Chinese businesses to further increase their global market share.

Ideally, that could mean a lot more products like $49 microwaves on Western shelves -- even if means a Grand Cherokee from Detroit may never be affordable in China.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** December 9, 2011

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTOS: A Jeep Wrangler S.U.V. in Beijing, where tariffs, taxes and various other markups keep it and other imported vehicles priced well above domestic autos. (PHOTOGRAPH BY KEITH BEDFORD/BLOOMBERG NEWS) (B1)

The Import and Export Fair in Guangzhou, seen in October, is the country's largest trade show. (PHOTOGRAPH BY BOBBY YIP/REUTERS)

In 2001, Shi Guangsheng, then China's foreign trade minister, signed documents admitting China into the W.T.O. in Qatar. (PHOTOGRAPH BY RABIH MOGHRABI/AGENCE FRANCE-PRESSE) (B4) CHART: A Trade Edge: Since China joined the World Trade Organization in 2001, the country has had a large trade surplus of goods with the rest of the world, despite rising prices for imported commodities like oil. In the service sector, which is much smaller, China has run a growing trade deficit. (Sources: China General Administration of Customs, China State Administration of Foreign Exchange, via C.E.I.C. data) (B4)

**PUBLICATION-TYPE:** Newspaper

Copyright 2011 The New York Times Company

15 of 100 DOCUMENTS

The New York Times

November 28, 2011 Monday

Late Edition - Final

**Worrying Signs In Chinese Exports**

**BYLINE:** By WAYNE ARNOLD and REYNOLDS HOLDING

**SECTION:** Section B; Column 0; Business/Financial Desk; REUTERS BREAKINGVIEWS; Pg. 2

**LENGTH:** 740 words

China's manufacturing engine is sputtering, which bodes ill for other Asian exporters like Japan and South Korea. They're counting on China to offset slowing demand from the United States and Europe. But much of what China imports goes into making its own exports. And even what bona fide domestic demand is left is likely to be affected by a trade slowdown.

China's exports show troubling signs. Annual growth in monthly exports has slowed from 34 percent a year ago, to 16 percent. Growth in China's imports from the rest of Asia eased from 90 percent year on year in early 2010 to roughly 20 percent in October.

Asia's exports to China started booming after China joined the World Trade Organization in 2002, as the country demanded components and machinery it couldn't make. That made the rest of Asia a crucial part of China's supply chain, but also made it more dependent on Chinese export demand.

How much is hard to tell. China's exports of goods made from imported materials are equivalent to 40 percent of its imports. Assuming generously that half of the value of those exports has been added by Chinese workers, it means up to one-fifth of Asia's exports to China are destined for global markets. Then there's the export-related stuff that goes into China but doesn't come out, like equipment and machinery.

Machinery and transport equipment, for example, accounts for roughly 40 percent of Korea's exports to China.

The hope has been that China will consume an increasing share of its Asian imports at home. But domestic demand is unlikely to stand up to an export slowdown. Exports as a portion of gross domestic product have been falling since 2006, but only back to where they were in 2003. And even a small change in exports can influence consumption and investment habits.

The past offers a guide. During the 2008 crisis, China's exports fell 25 percent, and its imports from Asia halved. Then, gross exports were equivalent to 35 percent of China's G.D.P. They account for 29 percent now. It's hard to see how Asian imports will hold up if China's export engine stalls again.

'No Harm, No Foul'

The legal concept of ''no harm, no foul'' is worth preserving. Privacy laws and other statutes enable consumers to sue companies without claiming actual injury. That only encourages dubious legal claims and upends constitutional logic. The Supreme Court gets a chance on Monday to start coming to the same conclusion.

The case involves a homeowner suing an insurance company, but the issue arises in dozens of contexts. Infringing copyrights, secretly tracking Web site visits or making prerecorded calls to cellphones can all prompt lawsuits, even without inflicting any obvious damage. That's because a law prohibiting the behavior also creates a right to sue.

This seeming windfall for undamaged ''victims'' may help deter wrongdoing. But it flies in the face of the Constitution's implicit requirement that litigants have, in effect, skin in the game and suffer a loss. Plenty of courts agree, especially in the privacy area.

In 2005, for example, a federal court said JetBlue passengers couldn't sue the airline for violating its own privacy policy by passing their names to the government because they could not prove damage. Suits against Disney, Microsoft and McDonald's for snooping on Web sites with electronic cookies failed for similar reasons. And this month, LinkedIn customers lost a challenge against the company for leaking their user IDs, again because they also could not show that they had any losses as a result of the breach.

In the case now before the Supreme Court, however, a homeowner was allowed to file a class-action suit against her title insurer after it was accused of paying kickbacks to get business. She didn't complain about high prices or bad service, but merely the violation of her right to a graft-free transaction.

Real injuries can be hard to detect. Illegal payoffs may create conflicts of interest that skew deals in hidden ways. Allowing suits without clear damages, however, also invites the infliction of serious and undue harm.

Risk-taking industries like technology inevitably make mistakes that need to be promptly fixed. But punishing companies with dubious class-action litigation smacks of overkill. The Constitution strikes a useful balance, as the Supreme Court would do well to remind everyone concerned.

For more independent financial commentary and analysis, visit [www.breakingviews.com](http://www.breakingviews.com/).

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** November 28, 2011

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: A port area in Liaoning Province, China. The country's exports are slowing. (PHOTOGRAPH BY NELSON CHING/BLOOMBERG NEWS)

**PUBLICATION-TYPE:** Newspaper

Copyright 2011 The New York Times Company

16 of 100 DOCUMENTS

The New York Times

October 30, 2011 Sunday

The New York Times on the Web

**China Reshuffles Top Leadership at Financial Regulators**

**BYLINE:** By DAVID BARBOZA

**SECTION:** Section ; Column 0; Sports Desk; Pg.

**LENGTH:** 319 words

SHANGHAI -- China reshuffled the leadership of three of its financial regulatory agencies on Saturday, one of the first steps in what is expected to be a major leadership change at the top of the Communist Party next year.

With a new generation of leaders set to take control of the country in 2012, the Communist Party was widely expected to replace its top banking and financial regulators as several of them neared retirement age.

Several of those changes, which were announced Saturday, come at a time of strong economic growth in China but continuing worries about soaring inflation, a depressed stock market and concerns that heavy lending by China's biggest banks following the 2008 financial crisis is likely to lead to a huge number of nonperforming loans over the next three to five years.

To strengthen its controls, the Communist Party on Saturday appointed Shang Fulin, 60, as the new chairman of the powerful China Banking Regulatory Commission, according to the state-run Xinhua news agency.

Mr. Shang had been the head of the China Securities Regulatory Commission.

He replaced Liu Mingkang, 65, who had served as the nation's top banking regulator since March 2003. He had reached retirement age.

Guo Shuqing, chairman of the China Construction Bank -- one of China's four big state-owned banks -- was named to replace Mr. Shang as the nation's top securities regulator.

Mr. Guo, 55, has led China Construction Bank since 2005, when the bank was listed in Hong Kong in one of the biggest initial public offerings in history.

Xiang Junbo, 54, resigned on Saturday as head of one of China's other big state-owned banks, the Agricultural Bank of China. He was named Saturday as the chairman of the China Insurance Regulatory Commission, replacing Wu Dingfu.

The three men named Saturday are longtime government bureaucrats. They were appointed by the Communist Party Central Committee's Organization Department.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** October 30, 2011

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2011 The New York Times Company

19 of 100 DOCUMENTS

The New York Times

September 15, 2011 Thursday

Late Edition - Final

**Vows of Support, and Persistent Anxiety: China Links Investment in Europe With Its Own Agenda for Trade**

**BYLINE:** By KEITH BRADSHER

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1214 words

BEIJING -- If China is going to help ease Europe's financial crisis, silken strings could be attached.

Premier Wen Jiabao on Wednesday offered to help Europe. But, in an unprecedented move for China, he linked the offer to a potentially onerous demand: that Europe renounce its main legal defense against low-priced Chinese exports.

Mr. Wen urged the European Union to classify China as a ''market economy'' instead of a ''nonmarket economy.''

In international trade legalese, the new designation would make it almost impossible for Europe to impose tariffs on Chinese goods considered unfairly cheap.

His remarks, in a speech at a conference in Dalian in northeast China, were the clearest move by China to link its continuing investments in Europe to specific changes in European trade policies. The linkage is being made as Beijing is showing a new willingness to use its vast financial resources to extend its political influence far from China's shores. On Monday China announced $1 billion in subsidized loans to Caribbean nations.

Mr. Wen's comments Wednesday seemed to contain more pro quo than specifics about the quid. He was vague on whether China was prepared to increase its monthly lending to Europe by an amount that might ease the euro zone's budget and banking difficulties. He also was not specific about whether China was interested in buying European government bonds or making investments like acquiring more European businesses.

''We have been concerned about the difficulties faced by the European economy for a long time, and we have repeated our willingness to extend a helping hand and increase our investment,'' Mr. Wen said.

European stock markets were buoyed in part by his remarks.

China, with an estimated $3.2 trillion in foreign reserves, is seen as potentially a global banker. But most of its lending has come in the form of buying nearly $2 trillion in United States Treasury bonds and other forms of American debt. China already buys billions of euros worth of European debt each month, but that level of lending has done little to ease the euro zone's crisis.

So a vague promise of more ''investment'' in Europe, without specifying the amount or form, might not seem to European Union officials to justify granting China the new trade status Mr. Wen proposed.

The World Trade Organization has technical criteria for countries to decide when China has become a market economy, John Clancy, the European Union's trade spokesman in Brussels, said Wednesday. China has made progress, but has not met the criteria, in European Union's view.

''Since China dictates the speed with which market-oriented rules and laws are effectively enforced centrally and locally, the timing of the conclusion on its market economy status is largely in China's hands,'' Mr. Clancy wrote by e-mail.

The new market economy designation Mr. Wen seeks would let China avoid the steep import duties assessed on Chinese companies that sell goods in Europe for less than it costs to produce and market them -- or what trade lawyers describe as the ''normal value'' of these goods.

Under the terms of China's accession to the World Trade Organization in 2001, the country will automatically qualify as a market economy in 2016. But Mr. Wen on Wednesday exhorted European nations to ''look courageously at China's relationship from a strategic point of view'' on the issue of market economy status. ''If European Union nations can demonstrate their sincerity several years earlier,'' he said, ''it would reflect our friendship.''

China once before, in 2003, asked the European Union to grant it market economy status. That request was denied.

By classifying China as a nonmarket economy, the European Union allows its antidumping investigators to compare the price Chinese exporters to Europe charge with the price of goods from other low-cost countries. Antidumping duties, which can exceed 100 percent, are assessed if Chinese prices are lower.

But if China were labeled a market economy, antidumping investigators would have to compare the export prices Chinese companies charge with the prices they charge for the same goods in China. Virtually all prices in China are very low in terms of other currencies, partly because of China's extensive intervention in currency markets to keep its currency, the renminbi, weak.

China's critics also suggest that close links between many companies and the Beijing government make it impossible to assess the extent to which Beijing helps companies keep prices low at home, through subsidies, preferential loans or policies like free or discounted land for factories. So it would become extremely difficult to win an antidumping case if China were labeled a market economy.

China's foreign exchange reserves surged $350 billion in the first six months of this year, to reach $3.2 trillion. While part of the increase reflected accrued interest and shifts in currency valuations, $200 billion to $250 billion appeared to be from the currency market intervention.

Based on its practice of keeping roughly a quarter of foreign exchange reserves in euros, mainly in European government debt, China bought $50 billion to $60 billion in euro-denominated holdings in the first half of this year. Economists and bankers say that China's extraordinary accumulation of foreign exchange reserves is largely accidental. Its top leaders have mandated that the renminbi not appreciate more than a few percent against the dollar each year, despite large trade surpluses and strong inward investment, and the central bank has been forced to buy dollars and euros on an immense scale to ensure that.

The central bank pays for the dollars and euros with renminbi that it raises mainly by requiring Chinese commercial banks to lend it a fifth of their deposits at very low interest rates. The Chinese central bank also sells notes and has resorted to issuing more renminbi. That has led to a steep increase in the money supply and has contributed to sharply rising prices within China for consumer goods and real estate alike.

Italian finance ministry officials met recently with officials from the China Investment Corporation, the country's sovereign wealth fund. When Italy disclosed word of that meeting, the result was frenzied speculation in Europe that the C.I.C. might help bail out the Italian government by buying large quantities of its bonds. But the Italian government later quieted the speculation by saying the C.I.C., which mainly buys equities, had been interested in making purchases in the Italian industrial sector.

With $374 billion as of Dec. 31, the C.I.C. is a relatively small player in China's foreign investments. Most of the money is already invested, and the C.I.C. has not received any recent large infusions of money from China's foreign exchange reserves.

By contrast, a rival agency, the State Administration of Foreign Exchange, oversees China's foreign exchange reserves. And, as its acronym might imply, SAFE invests cautiously -- buying bonds, not equities -- and tends to go with only extremely high-rated instruments. That would seem to rule out the riskiest of Europe's government bonds.

SAFE is famously risk-averse, possibly because it has been under very close scrutiny by the central government since a series of scandals a decade ago.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** September 21, 2011

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: The Port of Shanghai viewed from an office. China wants Europe to drop its main defense against cheap Chinese exports. (PHOTOGRAPH BY CARLOS BARRIA/REUTERS) (B5)

**PUBLICATION-TYPE:** Newspaper

Copyright 2011 The New York Times Company

20 of 100 DOCUMENTS

The New York Times

September 1, 2011 Thursday

Late Edition - Final

**A One-Sided Rivalry**

**BYLINE:** By VIKAS BAJAJ; Xu Yan contributed reporting from Shanghai and Joshua Frank from Beijing.

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1374 words

MUMBAI, India -- It seems to be a national obsession in India: measuring the country's economic development against China's yardstick.

At a recent panel discussion to commemorate the 20th anniversary of India's dismantling parts of its socialist economy, a government minister told business leaders to keep their eye on the big prize: growing faster than China.

''That's not impossible,'' said the minister, Palaniappan Chidambaram, who oversees national security and previously was finance minister. ''People are beginning to talk about outpacing China.''

Indians, in fact, seem to talk endlessly about all things China, a neighbor with whom they have long had a prickly relationship, but which is also one of the few other economies that has had 8 percent or more annual growth in recent years.

Indian newspapers are filled with articles comparing the two countries. Indian executives refer to China as a template for development. Government officials cite Beijing, variously as a threat, partner or role model.

But if keeping up with the Wangs is India's economic motive force, the rivalry seems to be largely one-sided.

''Indians are obsessed with China, but the Chinese are paying too little attention to India,'' said Minxin Pei, an economist who was born in China and who writes a monthly column for The Indian Express, a national daily newspaper. (No Indian economists are known to have a regular column in mainland Chinese publications.)

Most Chinese are unconcerned with how India is growing and changing, because they prefer to compare their country with the United States and Europe, said Mr. Pei, a professor at Claremont McKenna College near Los Angeles. He says he has tried to organize conferences about India in China but has struggled to find enough Chinese India experts.

Liu Yi, a clothing store owner in Beijing, echoed the sentiments of a dozen Chinese people interviewed in Beijing and Shanghai, in dismissing the idea that the two countries could be compared. Yes, he said India was a ''world leader'' in information technology but it also had many ''backward, undeveloped places.''

''China's economy is special,'' Mr. Liu said. ''If China's development has a model, you could say it's the U.S. or England.''

It might be only natural that the Chinese would look up the development ladder to the United States, now that it is the only nation in the world with a larger economy, rather than over their shoulders at India, which ranks ninth. And while China is India's largest trading partner, the greatest portion of China's exports go to the United States.

So for India, China represents the higher rung to strive for.

Like India, China traces its civilization back thousands of years and has a population of more than 1 billion people. And China has lessons to offer because, under Deng Xiaoping in the late 1970s and early '80s, it started the transition to a more open and competitive economy more than a decade before India. Before Deng took power, India's economy was bigger on a per-capita basis than China's.

Whatever the reasons, Indians compare virtually every aspect of their nation with China. Infrastructure (China is acknowledged as being many kilometers ahead). The armed forces (China is more powerful). Universities (China has invested more in its institutions). The software industry (India is far ahead). Proficiency in the English language (India has the historical advantage, but China is catching up).

Evidence of the Indo-Sino interest disparity can be seen in the two countries' leading newspapers. The People's Daily, the Chinese Communist Party's house organ, had only 24 articles mentioning India on its English-language Web site in the first seven months of this year, according to the Factiva database. By contrast, The Times of India, the country's largest circulation English-language newspaper, had 57 articles mentioning China -- in July alone.

There are other big gaps. Indian cities, large and small, are filled with Chinese restaurants that serve a distinctly ultraspicy, Indian version of that cuisine. But there are few Indian restaurants in Beijing or Shanghai, let alone in smaller Chinese cities.

In 2009, more than 160,000 Indian tourists visited mainland China, according to the Chinese government. Barely 100,000 Chinese tourists made the reverse trek, according to India's government.

Prakash Jagtap, who owns a small engineering firm in the western Indian city of Pune, has been to China five times. Like many Indians, he loves Chinese food (of the Indian variant) and he sings the praises of Chinese diligence and persistence.

''They have more discipline,'' he said. ''Here in our country, people don't look for the long term. Instead, they look for short term, both the management and labor. We have to change our work culture.''

Mr. Jagtap's statement reflects a widely held view among Indians that China has outperformed their country in large part because the Chinese one-party system is more ''disciplined'' than India's vibrant, but messy, democracy.

In early July, The Economic Times, India's leading financial newspaper, ran a photo slide show on its Web site titled ''How China builds these, and why India never does.'' The slide show is a series of photographs of large infrastructure projects in China, including the a new 26-mile-long bridge linking Qingdao and the Huangdao district across the Jiaozhou Bay on the northeastern coast.

India's views have also been shaped by a 1962 war that ended with China seizing a chunk of the northern India state of Kashmir. The countries still have an unsettled border, and China claims a large piece of territory controlled by India.

Raghav Bahl, an Indian media executive who has written a book about the economic rise of both countries, said Indians ''nursed a severe feeling of humiliation'' from the 1962 war that was compounded by China's economic rise.

''There is a sense that this is one race that we could have done much better in,'' said Mr. Bahl, author of ''Superpower? The Amazing Race Between China's Hare and India's Tortoise.''

But he added that Indians had regained confidence recently as a result of their country's strong economy. Many, like Mr. Chidambaram and The Economist magazine, have suggested that India could soon grow at a faster pace than China. Its economy, at $5.9 trillion, is about three and a half times as big as the Indian economy, but China's population is much older than India's.

In China, however, India does not register as a threat, economically or otherwise.

Mr. Pei, the economist, said Chinese officials, executives and even many intellectuals did not have a nuanced understanding of India. Communist conservatives maintain that ''democracy is hindering India's development,'' he said.

Meanwhile, Chinese liberals argue that democracy makes India more stable and its government more accountable -- an impression that appears to ignore India's frequent electoral turmoil and deep-rooted corruption.

But Indian fascination with China's economic success is also simplistic, Mr. Pei said. While one-party rule may have helped the country build infrastructure and factories in recent decades, it was also responsible for big failures under Mao Zedong. They include the Great Leap Forward and the Cultural Revolution, when millions of people starved or were killed or persecuted.

Even now, China's leaders are struggling to quell public outrage over a recent high-speed train disaster, for which many Chinese blame corruption and cronyism in the railways ministry.

''In both countries, the level of knowledge about the other is relatively low,'' Mr. Pei said.

But at least several people interviewed in China acknowledged an inherent competition between the countries, given their size and fast growth. Ideally, they said, it will be a healthy rivalry.

''Competition exists between any two nations,'' said Hu Jun, a 40-year-old teacher in Shanghai. ''That's a good thing. If we compete in the areas of high-tech and energy saving, I think that will benefit everyone.''

In India, Shrayank Gupta, a 21-year-old student at the prestigious Indian Institute of Technology, Bombay, echoed those sentiments: ''There will definitely be a race, because we are both naturally competitive, and the world will depend on both of us.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** September 1, 2011

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTOS: Indians acknowledge that China is ahead in infrastructure, but India's commuter rails carry millions of passengers daily. (B1)

Neelam Sablok, above, says that her Chinese cooking courses are popular. Students at the Indian Institute of Technology, Bombay, right, call China and India competitive. (PHOTOGRAPHS BY KAINAZ AMARIA FOR THE NEW YORK TIMES) (B2)

**PUBLICATION-TYPE:** Newspaper

Copyright 2011 The New York Times Company

21 of 100 DOCUMENTS

The New York Times

August 25, 2011 Thursday

Late Edition - Final

**Chasing Rare Earths**

**BYLINE:** By KEITH BRADSHER; Kantaro Suzuki contributed reporting from Tokyo and Jonathan Ansfield from Beijing.

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1542 words

CHANGSHU, China -- China has long used access to its giant customer base and cheap labor as bargaining chips to persuade foreign companies to open factories within its borders.

Now, corporate executives say, it is using its near monopoly on certain minerals -- in particular, scarce metals vital to products like hybrid cars, cellphones and energy-efficient light bulbs -- to make it difficult for foreign manufacturers of high-tech materials to build or expand factories anywhere except China. Companies that continue making their products outside the country must contend with tighter supplies and much higher prices for the materials because of steep taxes and other export controls imposed by China over the last two years.

Companies like Showa Denko and Santoku of Japan and Intematix of the United States are adding factory capacity in China this year instead of elsewhere because they need access to the scarce metals, known as rare earths.

''We saw the writing on the wall -- we simply bought the equipment and ramped up in China to begin with,'' said Mike Pugh, director of worldwide operations for Intematix, who said the company would have preferred to build its new factory near its Fremont, Calif., headquarters.

While seemingly obscure, China's policy on rare earths appears to be directed by Prime Minister Wen Jiabao himself, according to Chinese officials and documents. Mr. Wen, a geologist who studied rare earths at graduate school in Beijing in the 1960s, has led at least two in-depth reviews of rare earths this year at the State Council, China's cabinet. During a visit to Europe last autumn, he said that little happened on rare earth policy without him.

China's tactics on rare earths probably violate global trade rules, according to governments and business groups around the world.

A panel of the World Trade Organization, the main arbiter of international trade disputes, found last month that China had broken the rules when it used virtually identical tactics to restrict access to other important industrial minerals. China's commerce ministry announced on Wednesday that it would appeal the ruling.

No formal case has yet been brought concerning rare earths because officials from affected countries are waiting to see the final resolution of the other case, which has already lasted more than two years.

Karel De Gucht, the European Union's trade commissioner, cited the industrial minerals decision in declaring last month that, ''in the light of this result, China should ensure free and fair access to rare earth supplies.''

Shen Danyang, a spokesman for the commerce ministry, reiterated at a news conference on Wednesday in Beijing that China believed that its mineral export policies complied with W.T.O. rules. China's legal position, outlined in W.T.O. filings, is that its policies qualify for an exception to international trade rules that allows countries to limit exports for environmental protection and to conserve scarce supplies.

But the W.T.O. panel has already rejected this argument for the other industrial minerals, on the grounds that China was only curbing exports and not limiting supplies available for use inside the country.

China mines 94 percent of the world's rare earths and accounted for 60 percent of the world's consumption by tonnage early this year. But if factories continue to move to China at their current rate, China will represent 70 percent of global consumption by early next year, said Constantine E. Karayannopoulos, the chief executive of Neo Material Technologies, a Canadian company that is one of the largest processors in China of raw rare earths.

For the last two years, China has imposed quotas to limit exports of rare earths to about 30,000 tons a year. Before that, factories outside the country consumed nearly 60,000 tons a year.

China has also raised export taxes on rare earths to as much as 25 percent, on top of value-added taxes of 17 percent.

Rare earth prices have soared outside China as users have bid frantically for limited supplies. Cerium oxide, a rare earth compound used in catalysts and glass manufacturing, now costs $110,000 a metric ton outside China. That is more than four times the price in China, and up from $3,100 two years ago, according to Asian Metal, an industry data company based in Pittsburgh.

For most industrial products that are manufactured in China using rare earths and then exported, China imposes no quotas or export taxes, and frequently no value-added taxes, either.

Companies do that math, and many decide it is more cost-effective to move to China to get cheaper access to the metals.

''When we export materials such as neodymium from China, we have to pay high tariffs,'' said Junichi Tagaki, a spokesman for Showa Denko, which announced last month that it would sharply expand its production of neodymium-based magnetic alloys, used in hybrid cars and computers, in southern China.

The company saves money by manufacturing in China instead of Japan because the alloys are subject to no Chinese export taxes or value-added taxes, he said.

Big chemical companies are also shifting to China the first stage in their production of rare earth catalysts used to refine oil into gasoline, diesel and other products. They are moving after Chinese state-controlled companies grabbed one-sixth of the global market by offering sharply lower prices, mainly because of cheaper access to rare earths. Chemical companies are also working on ways to cut the percentage of rare earths in catalysts while preserving the catalysts' effectiveness.

Production of top-quality glass for touch-screen computers and professional-quality camera lenses, now done mostly in Japan, is also shifting to China because it requires rare earths.

Factories are moving despite worries about the theft of trade secrets. Intematix takes elaborate precautions at a factory completed last month here in Changshu, 60 miles northwest of Shanghai, where the company manufactures the rare earth-based phosphors that make liquid-crystal displays and light-emitting diodes work. While Intematix hired Chinese scientists to perfect the industrial processes here, only three know the complete chemical formulas.

China's timing is excellent, said Dudley J. Kingsnorth, a longtime rare earth industry executive and consultant in Australia. Mines being developed in the United States, Australia and elsewhere will start producing sizable quantities of rare earths in the next few years, so China seems to be using its leverage now to force companies to move.

''They're making the most of it, and they're obviously having some success,'' he said.

Until Western governments, business groups and media began pointing out the W.T.O. issues, Chinese officials had repeatedly stated that the rules were intended to encourage companies to move production to China. They switched to emphasizing environmental protection as the trade issues became salient.

China stepped up enforcement this summer of mining limits and pollution standards for the rare earth industry, which has reduced supplies and pushed up prices in China, although not as much as for overseas buyers. The crackdown may help China argue to the W.T.O. that it is limiting output for its own industries.

But other countries are likely to say that the crackdown is temporary and that previous crackdowns have been short-lived.

Charlene Barshefsky, the former United States trade representative who set many of the terms of China's entry to the W.T.O. in 2001, wrote in an e-mail that one problem was that W.T.O. panels did not have the power to issue injunctions. So countries can maintain policies that may violate trade rules until a panel rules against them and any appeal has failed.

Even then, the W.T.O. can order a halt to the offending practice, but it usually cannot require restitution for past practices except in cases involving subsidies, which are not directly involved in the rare earth dispute.

China is offering carrots as well as sticks to persuade foreign companies to move factories to China. Under China's green industry policies, the municipal government of Changshu let Intematix move into a newly built, 124,000-square-foot industrial complex near a highway and pay no rent for the first three years.

Intematix pays $400 to $500 a month (2,500 to 3,000 renminbi) for skilled factory workers like Wang Yiping, the 33-year-old foreman on duty on a recent morning here. It pays $500 to $600 a month (3,000 to 3,500 renminbi) for young, college-educated chemical engineers like Yang Lidan, a 26-year-old woman who examined rare earth powders under an electron scanning microscope in a nearby lab.

It was also relatively cheap to buy the factory's 52-foot-long blue furnaces, through which rare earth powders move on extremely slow conveyor belts while superheated to 2,800 degrees Fahrenheit. With many Chinese suppliers competing, Intematix paid 10 to 20 percent of American equipment prices, said Han Jiaping, the factory's vice president of engineering.

Still, Mr. Pugh said that the company's decision to build the factory in China was based not on costs but on reliable access to rare earths, without worrying about quotas or export taxes.

''I think this is what the Chinese government wanted to happen,'' he said.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** August 25, 2011

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTOS: Flames leaping from an oven where phosphors are roasted for more than 20 hours at an Intematix plant in China.

White phosphors being prepared in small cups before they are baked. (B1)

A chemical engineer worked on creating an additive for phosphors at the Intematix Company. (PHOTOGRAPHS BY RYAN PYLE FOR THE NEW YORK TIMES) (B2)

**PUBLICATION-TYPE:** Newspaper

Copyright 2011 The New York Times Company

22 of 100 DOCUMENTS

The New York Times

July 23, 2011 Saturday

Late Edition - Final

**Former China Mobile Official Sentenced in Bribery Case**

**BYLINE:** By DAVID BARBOZA

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 7

**LENGTH:** 428 words

SHANGHAI -- A former executive at China Mobile, one of this country's biggest state-owned telecommunications companies, was sentenced to death with a two-year reprieve Friday for accepting bribes, according to Xinhua, the state-run news agency.

Zhang Chunjiang, the former vice chairman of China Mobile, the world's largest mobile phone operator by subscribers, was charged with accepting more than $1.15 million in bribes while working at a series of state-run telecom companies between 1994 and 2009, when he was removed from his post. The two-year reprieve means that with good behavior his sentence could be commuted to life in prison. The sentence, which was handed down by a court in north China's Hebei province, is the latest development in an unfolding corruption investigation into this country's powerful telecom oligopoly.

While state executives and government officials are regularly arrested on corruption charges, only a handful have received the death penalty in recent years. Four years ago, the head of China's Food and Drug Administration was executed for corruption and failing to protect consumers.

In 2009, the former chairman of Sinopec, the Chinese oil giant, was also sentenced to death with a two-year reprieve for accepting millions of dollars in bribes. And this week, two former vice mayors in China were executed for accepting millions of dollars worth of bribes.

Beijing is in the midst of a major corruption sweep ahead of a leadership change expected next year. In some cases, analysts say those charged with corruption may be singled out because of their relationships with high-ranking officials who are engaged in power struggles.

Recently, prosecutors have focused their attention on the telecom industry. At least seven other executives from China Mobile are under investigation in corruption cases, according to the nation's state-run news media. And investigators are also looking into the role of several prominent Chinese businessmen, including Zeng Liqing, one of the founders of Tencent, a top Chinese Internet company, according to Caixin magazine, one of the nation's most respected publications.

State-run news media said that Mr. Zhang, the 53-year-old former China Mobile executive, confessed to his crimes and therefore was given a penalty mitigated by the two-year reprieve. Xinhua said Mr. Zhang took the bribes while working as deputy director of the Liaoning Provincial Postal Administration, and also while working as general manager of the China Netcom Group and party chief and deputy general manager of China Mobile.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** July 23, 2011

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: Zhang Chunjiang, the former vice chairman of China Mobile, was sentenced to death with a two-year reprieve. (PHOTOGRAPH BY BOBBY YIP/REUTERS)

**PUBLICATION-TYPE:** Newspaper

Copyright 2011 The New York Times Company

23 of 100 DOCUMENTS

The New York Times

July 19, 2011 Tuesday

Late Edition - Final

**China's Treasury Holdings Make U.S. Woes Its Own**

**BYLINE:** By DAVID BARBOZA; Xu Yan contributed research.

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1219 words

SHANGHAI -- However grim Washington's debt and deficit negotiations may seem to Americans, the impasse is nearly as disturbing for China.

As the United States' biggest foreign creditor -- holding an estimated $1.5 trillion in American government debt -- China has been a vocal critic of what it considers Washington's politicized profligacy.

''We hope that the U.S. government adopts responsible policies and measures to guarantee the interests of investors,'' Hong Lei, a foreign ministry spokesman, said at a news conference late last week.

Beijing might prefer to respond by starting to dump some of its American debt. But in this financial version of the cold war, analysts say, both sides fear mutually assured destruction.

One reason the United States would want to avoid defaulting on its debt is that such a move could alienate China, which is a steady purchaser of Treasury bonds. Beijing, meanwhile, already has too much invested in American debt to do much more but continue to buy, hold and grumble.

It is the ultimate ''too big to fail'' global relationship, said Andy Rothman, an analyst in Shanghai for the investment bank CLSA.

If Beijing even hinted that it might try to sell part of its American debt, ''other countries might sell their dollar assets,'' Mr. Rothman said, noting that this would drive down the value of China's holdings. ''It would be financial suicide for China.''

China got into this situation, experts say, by indulging its own economic interests. To bolster what has become the world's largest export economy, China has focused on policies that encourage domestic savings and hold down the value of its currency. The result: huge trade and current-account surpluses. China has accumulated more than $3 trillion in foreign currency reserves, far more than any other nation.

Most of those reserves are held in dollars, and recycled back to the United States through investments in Treasury bonds and other dollar-denominated securities -- even stocks. And while some of China's foreign exchange reserves are plowed into European and Japanese debt, those bond markets are not big or liquid enough to absorb the bulk of China's ever-larger foreign holdings.

Beijing has tried to diversify its foreign exchange portfolio by creating a sovereign wealth fund that can invest some of the reserves overseas. The government has also encouraged Chinese companies to expand overseas and to acquire mines and natural resources to fuel China's hungry economy. But because China has too much foreign money for any other outlet to absorb, the vast majority of its fast-growing reserves continue to be destined for the United States bond market.

''China has no choice but to keep buying,'' said Zhang Ming, an expert at the Chinese Academy of Social Sciences, a Beijing research group. ''After all, U.S. Treasury bonds are still the largest and most liquid investment product in the world.''

All of which has helped enable America's own fiscally dubious habits.

The United States' huge deficits -- not only in government spending, but in trade and savings as well -- have weakened its economy and strangled consumption. Many economists say that would poison the long-term prospects for the dollar, if it were not still the world's reserve currency and most reliable safe haven.

Helping maintain that role for the dollar are the staggering debt problems that Europe and Japan are struggling with. With global investors like China having few good options besides United States Treasuries, Washington, despite its current debt-ceiling debacle, can continue to hold down interest rates and wallow in cheap borrowing.

Beijing in recent years has frequently fretted aloud about Washington's monetary policies. In 2009, shortly after the global financial crisis broke out, China's prime minister, Wen Jiabao, said his country was ''worried'' about the safety of its huge cache of United States Treasury holdings. Last year Chinese policy advisers criticized the Federal Reserve for undermining the value of holdings by ''printing too much money'' with its so-called quantitative easing policies.

But even now, despite Beijing's scolding about the debt impasse in Washington, China's options may be limited.

''There's really nothing different they can do,'' said Eswar S. Prasad, a Cornell economics professor and former head of the China division at the International Monetary Fund. ''Even if China felt the United States was going off a cliff, there's no other place for them to put their money.''

Over the long run, many economists say the structural imbalances on both sides of the Chinese-American debt symbiosis could be disastrous. Already, for example, many say that those dynamics helped create the global financial crisis by artificially creating the low interest rates that let housing prices reach bubble-bursting levels.

Now, the United States and China are trying in their different ways to adjust. American policy makers are urging more savings and less consumption. Chinese officials take the opposite tack, promising to encourage more consumption and less saving.

But neither country has made significant headway on these strategies during the last two years. Both sides see these fixes as too costly and detrimental to nearer-term economic goals. America is focused on reviving its economy, while China is intent on cooling its down. And in both countries, achieving the goals involves changing public behavior, which is never easy.

Many economists say China could curb its dependence on dollar-pegged assets by letting the value of its currency rise faster against other world currencies. That would also make its imports less expensive for domestic consumers. But it would also make China's exports more expensive for global customers, which could hurt Chinese factories and lead to widespread layoffs.

For all that, if China worries about holding too many dollar-denominated assets, which could depreciate over time as the value of its own currency rises, why does it not quietly sell some of them -- or at least stop buying more?

Recent United States government surveys have suggested that China began doing just that, beginning to slow its purchases of American debt earlier this year. But analysts warn that those official figures may not be accounting for purchases made through third-party countries on China's behalf. An intermediary buying American bonds in London at the behest of the Bank of China would not show up in Washington's tallies.

Many economists, in fact, say they believe China may have actually stepped up its buying of American debt. The evidence is that its trade and current-account surpluses almost certainly mean that it has continued to accumulate huge holdings of dollars.

How might the Beijing-Washington debt standoff be resolved? Mainly, the Americans hope China will ramp up its domestic consumption and perhaps make even more direct investments in the United States. The Chinese, meantime, hope the United States will deal with its huge debt problems and maintain the value of the dollar -- and with it the value of China's dollar-based holdings.

For all the stresses in both directions, the fiscal cold war means ''China is increasingly integrated with the future of the U.S.,'' said Mr. Rothman, the Shanghai analyst. ''But that could be a good thing, for both sides.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** July 19, 2011

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: A container crane in eastern China. Buying Treasuries has bolstered China's export economy. (PHOTOGRAPH BY WU HONG/EUROPEAN PRESSPHOTO AGENCY) (B4) CHARTS: Holding U.S. Debt: China, including Hong Kong, holds at least $1.3 trillion in United States Treasury debt alone -- and more including other federal agency debt. (Source: Treasury Dept.) (B1)

America's Foreign Creditors: Almost a third of United States Treasury debt -- $4.51 trillion out of a total of $14.29 trillion -- is held in foreign countries, with China as the largest creditor. Sovereign nations as well as overseas financial firms own the debt. (Source: Department of the Treasury) (B4)

**PUBLICATION-TYPE:** Newspaper

Copyright 2011 The New York Times Company

25 of 100 DOCUMENTS

The New York Times

July 10, 2011 Sunday

Late Edition - Final

**China's Rapid Growth Doesn't Ensure Stock Gains**

**BYLINE:** By TIM GRAY

**SECTION:** Section BU; Column 0; Money and Business/Financial Desk; Pg. 12

**LENGTH:** 1291 words

ECONOMIC superlatives abound about China. It's the world's biggest auto market. It's the largest producer of steel and, of course, the largest exporter. Yet there has been nothing extraordinary lately about the performance of China-focused mutual funds.

As inflation and real estate prices have bubbled up in China, mutual funds that specialize in investing there have lately sputtered along like aging mopeds weaving through the throngs of Beijing. China funds lost an average of 2.2 percent in the second quarter, according to Morningstar, the fund tracker. An investor would have benefited more by holding stock mutual funds that invested in debt-addled Europe; those funds returned an average of 1.3 percent for the quarter.

Stretch the timeline to the last 12 months, and the comparisons are similar: China funds returned a healthy 23.5 percent, but those investing in slow-growing Europe fared even better, returning 36.5 percent.

The disparity between China's economic performance -- its gross domestic product has routinely grown about 10 percent a year over the last two decades -- and its less-than-stellar stocks points to the perils of buying into a mutual fund that invests in a single country in the developing world. Simply put, fast growth is no guarantee of investment gains. China is annually moving millions of its people from the countryside to jobs in its growing cities. That's been great for the Chinese economy but not necessarily for fund investors.

A study published in April by the Vanguard Group found no correlation between long-run economic growth, in real G.D.P. per capita, and long-run stock returns in emerging markets. ''Investors are not compensated for investing on the basis of economic growth that is expected and therefore priced into financial markets,'' the study said. China's stock market fared especially poorly, returning almost nothing from 1993 through 2010, said Francis M. Kinniry Jr., a Vanguard principal and one of the authors.

Emerging markets tend to be more volatile than developed ones, and big declines can eat big gains. When news is good, these markets can soar, as China's did in 2007, when the MSCI Broad China Index returned nearly 90 percent. But when the news is bad, they can plunge, as China's market did the next year, when the index fell more than 50 percent. (If you had invested $1,000 in the index in that period, your money would have grown to $1,900, before expenses, by the end of the first year but would have shrunk to $950, before expenses, by the end of the second.)

Another reason that stock gains don't necessarily track economic growth is that the goals of local companies can diverge, for extended periods, from those of fund investors. In China, as in many emerging markets, enterprises may plow money into projects aimed at expanding market share, regardless of the impact on their share prices. ''Companies aren't interested in rewarding minority investors,'' said Arthur R. Kroeber, managing director of GK Dragonomics in Beijing. ''They're interested in scaling up.''

On top of that, Chinese corporate governance can be lax, and accounting opaque. In searching for quality companies with good business models, said Nicholas Yeo, manager of the Aberdeen China Opportunities fund, ''we do a lot of site visits to make sure the entrepreneur's interests are aligned with the listed company.''

Investors in China funds face risks beyond poor returns. They can have difficulty even understanding what they are buying, as different funds define ''China'' differently. Some, like Mr. Yeo's fund and the Guinness Atkinson China and Hong Kong fund, keep much of their shareholders' money in companies listed in Hong Kong. Others also buy Taiwanese companies or multinationals with hefty Chinese operations. ''Not all China funds are the same,'' said William S. Rocco, a Morningstar fund analyst.

BESIDES understanding what you are getting with a China fund, you also should examine whether you really need one, Mr. Rocco said. ''You're not going to miss China's growth if you have a well-balanced portfolio,'' he said. Many international and emerging-markets funds include Chinese stocks, and American and European multinationals are increasingly generating profits in China, he said.

Jesper O. Madsen, manager of the Matthews China Dividend fund, counsels caution. ''Anybody who looks at China needs to ask himself why he's there,'' Mr. Madsen said. Too often, retail investors pile into emerging countries after stock run-ups, losing sight of whether a particular market looks cheap or expensive based on its average price-to-earnings ratio. ''If you overpay,'' he added, ''you won't see good returns.''

For some people, investing isn't just a way to increase wealth, but also a hobby. Even if they have a well-rounded portfolio, they want to make small bets on markets or sectors that they think will thrive.

If you are one of these, should recent news of Chinese inflation, which hit 5.5 percent in May, and the possibility of real estate bubbles in Beijing and Shanghai daunt you?

Several China-fund managers say the risks are real -- but tolerable.

''From 2000 to 2010, when China really began to industrialize, there was surplus labor and a cycle of infrastructure investment that drove a lot of productivity growth,'' said Eric A. Brock, co-manager of the ALPS Clough China fund. ''Inflation over that period was shockingly low. Today is different. You still have the productivity story, but the supply of labor has tightened. It wouldn't surprise us if inflation is 3 to 5 percent a year going forward, but that's not a problem in the context of 8 to 10 percent annual growth.''

If inflation began to accelerate, Mr. Brock said he would worry. But so far, he said, the government has kept prices mostly in check by raising bank reserve requirements and interest rates. Last week, the central bank raised short-term rates for the third time this year. Mr. Brock and his co-manager, Francoise Vappereau, are betting that rising wages will propel the growth of China's consumer sector. As the Chinese earn more money, opportunities arise for companies like the furniture maker Man Wah Holdings, which Mr. Brock called ''the La-Z-Boy of China.'' ''People are hitting an income level where demand for Man Wah's product can rise,'' he said.

Frederick Jiang, manager of the Ivy Pacific Opportunities fund, said that while real estate values in Beijing and Shanghai have shot up, he was more worried about inflation than about bubbles in these markets. ''If you compare prices in Shanghai and Beijing relative to the average income there, there's a bubble,'' he said. ''But relative to Mumbai or Moscow, they're still cheap.''

The Chinese government is making a big push to build affordable homes, committing to start 10 million units in 2011 alone. As a result, Mr. Jiang, who has invested about a third of his investors' money in China, holds shares in cement suppliers like China National Building Material and China Resources Cement Holdings.

And Louis So, co-chief investment officer of Value Partners, a Hong Kong hedge fund manager, says his company is investing in private property developers like China Vanke.

''We think they're dirt cheap at the moment,'' he said. He called his company's venture into the property sector a contrarian move, and two recent actions by ratings agencies suggest that his characterization may be correct.

Moody's and Standard & Poor's lowered their outlooks for Chinese developers to negative, from stable. And S.& P. predicted that Chinese real estate prices were likely to fall 10 percent over the next year, possibly by as much as 30 percent. It said government efforts to raise interest rates were likely to curb credit and reduce property sales.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** July 10, 2011

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: Millions of Chinese workers have moved to jobs in booming cities like Shanghai, above. That may benefit China's economy, if not mutual fund investors. (PHOTOGRAPH BY SHANGHAI PACIFIC INSTITUTE FOR INTERNATIONAL STRATEGY, VIA AGENCE FRANCE-PRESSE -- GETTY IMAGES)

**PUBLICATION-TYPE:** Newspaper

Copyright 2011 The New York Times Company

26 of 100 DOCUMENTS

The New York Times

June 28, 2011 Tuesday

Late Edition - Final

**Britain and China Set $2.2 Billion in Deals and a Goal of Doubling Trade by 2015**

**BYLINE:** By JULIA WERDIGIER; Nicola Clark contributed reporting from Paris.

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 6

**LENGTH:** 737 words

LONDON -- China and Britain agreed Monday on $:1.4 billion worth of trade deals as part of a European tour by the Chinese prime minister, Wen Jiabao.

In announcing the deals, worth about $2.2 billion, the British prime minister, David Cameron, restated the goal of doubling trade between the countries to $100 billion by 2015. Mr. Wen said that he was ''confident'' of meeting that goal.

''The purpose of my visit is to promote communication, cooperation and development,'' Mr. Wen said at a news conference in London. Mr. Cameron said China presented a ''huge opportunity'' for British companies.

Mr. Wen was more than half through a four-day European tour. He had already visited Hungary and was to travel to Germany late Monday.

After a meeting with the Hungarian prime minister, Viktor Orban, over the weekend, Mr. Wen said that China had ''total trust in Europe's economic development'' and would ''consistently support Europe and the euro.''

In Britain, Mr. Cameron's government is trying to strengthen trade relations with the faster-growing China. The goal is to increase exports and bolster British manufacturing to speed an economic recovery that recently has started to slow.

British exports to China have grown 20 percent since last November, when Mr. Cameron visited Beijing with a business delegation. China has become the third-largest source of British imports, after Germany and the United States, according to the Office for National Statistics.

Britain and China agreed Monday to increase infrastructure investments in both countries and grant British businesses better access to China's civil engineering and research markets. A ban on British poultry exports to China, which was imposed as a result of avian flu cases in 2007, was lifted, and Britain is to sell more pigs and their meat to China.

Diageo, the British spirits company, said Monday that Chinese regulators had approved its acquisition of an additional 4 percent stake in the liquor maker Sichuan Chengdu Quanxing, giving Diageo control.

Other deals announced after the talks included an agreement between Weatherly International, a British mining company, and the East China Mineral Exploration and Development Bureau to cooperate on the development of a lead zinc mine in Namibia. The BG Group, the British natural gas company, also signed a deal with Bank of China to receive as much as $1.5 billion in financing.

During the news conference, Mr. Wen dodged questions about China's human rights record. ''On human rights, China and the U.K. should respect each other, respect the facts, treat each other as equals, engage in more cooperation than finger-pointing and resolve our differences through dialogue,'' he said.

On the same issue, Mr. Cameron merely repeated a statement from his last visit to China, saying, ''We do believe the best guarantor of prosperity and stability is for economic and political progress to go in step together.''

Mr. Wen was to meet Chancellor Angela Merkel of Germany in Berlin on Monday. China and Germany are expected to announce 30 cooperation and trade agreements on Tuesday, the German foreign ministry said.

As part of those talks, officials were to discuss a possible order for superjumbo jets that has caused controversy. China is pushing the European Union to abandon plans to regulate the greenhouse gas emissions of airlines, including foreign-owned ones, flying to and from the 27-country bloc. China warned this month that it could block its airlines from buying new planes built by Airbus, which is based in France, if Brussels proceeded with the plans.

The issue came to a head at the Paris Air Show last week, when Chinese officials sought to derail an order for 10 Airbus A380 superjumbo jets by Hong Kong Airlines, a domestic airline that operates between Hong Kong and the Chinese mainland. Airbus had planned to announce the $3.8 billion contract, which had already been signed by the airline, at the show, but Beijing declined to give final approval, people with knowledge of the talks said.

Formal approval of the deal was expected to be granted eventually, said these people, who spoke on condition of anonymity because the situation was politically fragile. They said, however, that further Chinese orders of Airbus jets had been delayed, including a large one that Airbus had hoped to announce while Mr. Wen was in Germany. It was unclear whether that order would now be modified or postponed.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** June 28, 2011

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: China's prime minister, Wen Jiabao, pointing, and his British counterpart, David Cameron, on Monday in London, where both endorsed a goal of doubling their trade to $100 billion by 2015. (POOL PHOTO BY ANDY RAIN)

**PUBLICATION-TYPE:** Newspaper

Copyright 2011 The New York Times Company

27 of 100 DOCUMENTS

The New York Times

May 25, 2011 Wednesday

Late Edition - Final

**Power vs. Profit**

**BYLINE:** By KEITH BRADSHER; Michael Wines contributed reporting from Wenzhou, China, and Jonathan Kaiman contributed research from Beijing.

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1641 words

YIYANG, China -- It is a power struggle that is causing a power shortage -- one that has begun to slow China's mighty economic growth engine.

Balking at the high price of coal that fuels much of China's electricity grid, the nation's state-owned utility companies are defying government economic planners by deliberately reducing the amount of electricity they produce.

The power companies say they face financial ruin if the government continues to tightly limit the prices they can charge customers, even as strong demand is sending coal prices to record levels. The chairwoman of one giant utility, China Power International, recently warned that one-fifth of China's 436 coal-fired power plants could face bankruptcy if the utilities cannot raise rates.

The utilities' go-slow tactics include curtailing the planned expansion and construction of power plants, and running plants for fewer hours a day. And in a notable act of passive defiance, the power companies have scheduled an unusually large number of plants to close for maintenance this summer -- right when air-conditioning season will reach its peak.

So far there have been no public confrontations between Beijing officials and utility executives. But the dispute indicates that China's unique marriage of market competition and government oversight may be starting to fray after three decades of phenomenal economic success.

''The Chinese electricity companies are firing a shot across the bow, and essentially saying they're not going to just sit there and take massive losses,'' said Jeremy C. Carl, a Stanford University researcher on Chinese energy issues. ''It's almost the equivalent of a corporate sick-out.''

The official Xinhua news agency reported late Monday that the country's main electricity distribution company, the State Grid, had warned that power shortages this year could be worse than in 2004, when China had its worst blackouts in decades. That year, the problem involved railroad bottlenecks in getting coal to power plants -- an issue largely resolved with the subsequent investments in more rail lines.

This time, the impasse between government and industry is not the only cause of China's electricity shortages. Surging electricity demand is also a factor.

China's 700 million rural residents have been on a two-year buying spree of electric devices, purchasing hundreds of millions of air-conditioners and other energy-hungry appliances with government subsidies aimed at narrowing the gap in living standards between cities and rural areas.

In a little-noticed milestone, the latest data from Beijing and Washington shows that China passed the United States last year as the world's largest consumer of electricity.

Since March, responding to the power shortages, government officials in six provinces have begun rationing electricity, including here in Hunan province. At least five more provinces are preparing to do so, according to official reports.

In Yiyang, a town of 360,000 in south-central China, electricity shortages are so severe this spring that many homes and businesses receive power only one day in three. Even gasoline stations in this region are silent more days than not, because the pumps lack electricity.

Meanwhile, blackouts are starting to slow the nation's torrid growth of energy-intensive industries like steel, cement and chemicals. Unlike garment makers and other small manufacturers, the big factories cannot easily switch to backyard diesel generators.

To accommodate businesses that do use diesel back-ups, China last week banned exports of diesel fuel to conserve scarce supplies.

The power cuts are a reason the year-on-year growth rate of China's industrial production dipped last month -- to 13.4 percent in April, down from 14.8 percent in March -- and seems to be continuing to fall.

The lower productivity of factories, plus high diesel costs for those using generators, is likely to further raise average prices of American imports from China. Prices of Chinese exports are already up 2.8 percent in the last 12 months, after years of gradual decline that helped restrain inflation in the United States.

As power-deprived factories in China have less demand for raw materials, the impact has rippled around the world among China's suppliers as well, contributing to 10 percent declines in global prices for commodities like iron ore and copper. That is impinging on the economies of countries like Australia and Brazil, for which China is a big customer of natural resources.

Looking ahead, China has placed big bets on wind turbines for generating electricity. And despite Japan's recent nuclear travails, China is also cautiously proceeding with plans to lead the world in the construction of nuclear power plants in the coming decade.

But coal is still king in China. The country has nearly half of the world's total coal-fired capacity, and coal plants currently represent 73 percent of this nation's total generating capacity.

Hydroelectric power, at 22 percent, is a distant second and has been hampered by droughts this year.

If Beijing and the utilities can resolve their differences, China plans to build even more coal-powered plants. Doing so would produce another big surge in emissions of greenhouse gases, of which China is already the world's largest emitter.

''Only coal can provide new capacity in the time and scale needed,'' said David Fridley, a China energy expert at the University of California, Berkeley.

The idea of recalcitrant utilities balking at Beijing's dictates might seem to contradict the popular perception of China's government-guided economy. But while the electric utilities are majority-owned by the government, they are also profit-motivated companies accountable to the other holders of their publicly traded stock. So the power companies' incentives are not necessarily aligned with those of central planners in Beijing.

The government, for its part, has imposed an array of price controls, including on electricity rates, as it struggles to insulate the Chinese public from inflation. Consumer prices are rising 5.3 percent a year according to official figures, and Chinese and Western economists say the true rate may be nearly double that.

But coal prices, which the government deregulated in 2008, are rising even faster in China, which is a net importer of coal despite having its own extensive mining operations.

Huaneng, China's biggest electric utility, said last month that electricity rates it charges customers should have been 13 percent higher last year to match the increase in coal prices. But regulators held utility rates essentially flat.

Spot coal prices in China have surged an additional 20 percent this year -- to a record $125 a metric ton for top grades -- partly because of floods in Australia's and Indonesia's coal fields and partly because Japan is buying more from the global market to offset its lower nuclear power output.

But Chinese regulators have let electricity prices climb only 2.5 percent this spring. Residential users in China's cities pay 8.2 cents a kilowatt-hour. That compares to a national average of 11 cents in the United States and 15 cents in the heavily urban mid-Atlantic region. Chinese industrial users in cities are supposed to pay 12 cents a kilowatt-hour, although politically connected businesses receive discounts; the average industrial rate in the United States is 7 cents, and 9 cents in the mid-Atlantic region.

Big power generators like Huaneng buy nearly half their coal on the spot market and the rest on long-term contracts with prices that rise more slowly.

The government has put pressure on China's coal mines, also largely state-owned, to continue supplying power companies with coal at below-market prices under long-term contracts. But the mines, which are also profit-oriented operations, have responded with their own form of passive resistance -- by sending their cheapest, lowest-quality coal with the most polluting sulfur.

As a result, many power plants are now paying penalties to yet another arm of the government -- environmental regulators -- for burning the sulfur-spewing coal. That has further added to the utilities' cost of doing business, said Howard Au, the chief executive of Petrocom Energy, a Hong Kong company that builds coal-blending facilities.

Trying to help utilities reduce those environmentally and financially costly emissions, Petrocom has built a series of gray silos and red conveyor belts at Lianyungang port in northern China to dilute high-sulfur Chinese coal with low-sulfur imported coal.

Blackouts appear to be the worst in smaller towns like Yiyang here in Hunan, one of China's largest and most populous provinces. The power shortages are threatening to curb the explosive growth the province has experienced since the opening in late 2009 of a high-speed electric train link to prosperous Guangdong province to the south, which helped companies tap Hunan's cheaper land and labor force.

In rationing electricity, Hunan officials have given priority to big cities like Changsha, the provincial capital. Even there, though, industrial districts are blacked out one day in three.

In Yiyang, meanwhile, multiday blackouts have ruined a tiny restaurant run by Xu Zhanyun, 48, who now must cook meals over lumps of coal instead of his electric stove. ''I have so much food in my refrigerators that all went bad,'' he said.

There is running water only every other day because the pumping station requires electricity. And so he must haul water from a well -- as he did as a boy, before China's economy surged.

In other cities, factories require employees to work at odd hours when electricity is available.

''They shut down the electricity for a day every three days,'' said Jin Jianping, manager of an umbrella factory in Ningbo, in east-central China. ''We just arrange night shifts for everyone.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** May 25, 2011

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTOS: In Lianyungang, China, a pipeline moves raw coal. Coal plants produce three-fourths of the nation's total generating capacity. (B1)

A bucket wheel stacker reclaimer at a coal yard in Lianyungang, China. Utilities say they face financial ruin if the government continues to limit the prices they can charge customers. (PHOTOGRAPHS BY DU BIN FOR THE NEW YORK TIMES) (B4) CHARTS: China's Power Picture: Still burning coal: While China leads the world in building wind turbines, it remains extremely reliant on coal.

Buying abroad: China has gone from the world's largest coal exporter to the largest importer, but imports have lagged since February as power companies balk at high coal prices.

Turning on the lights: Electricity consumption has soared in China, although usage per person is still only a quarter of American levels.

Staying cool: The typical urban household in China already has at least one air conditioner, and now farm families are buying them as well, helping to push up residential electricity use. (Sources: China Electricity Council via CEIC Data

U.S. Department of Energy

China National Bureau of Statistics via CEIC Data

GCIS China (2010 air-conditioner estimate))

MAP: China's energy debate includes Yiyang and Changsha. (B4)

**PUBLICATION-TYPE:** Newspaper

Copyright 2011 The New York Times Company

28 of 100 DOCUMENTS

The New York Times

May 21, 2011 Saturday

Late Edition - Final

**Europe Frets Over Trade Deficits With China**

**BYLINE:** By FLOYD NORRIS.

Floyd Norris comments on finance and the economy on his blog at nytimes.com/norris.

**SECTION:** Section B; Column 0; Business/Financial Desk; OFF THE CHARTS; Pg. 3

**LENGTH:** 575 words

THE European Commission, angered over what it sees as unfair Chinese trade policies, this week imposed what it said were the ''first ever antisubsidy tariffs against imports from China.''

The commission said China was ''significantly subsidizing its coated fine-paper industry by giving cheap loans, allocating land below market value and granting various tax incentives,'' and announced duties of up to 12 percent on imports of high-quality paper used for magazines and brochures.

While the move affected only one industry, it was indicative of rising worry in Europe. ''There is a general feeling that economic openness and business climate in China are not improving, so we will use all instruments at our disposal to improve the situation there,'' Europe's trade commissioner, Karel De Gucht, told a European Parliament committee last month.

Over all, the bilateral trade deficits between countries in the European Union and China have been growing since economies began to recover in 2009, but there are wide differences between countries. Trade levels had plunged during the financial crisis, and are now recovering.

Germany, by far the largest exporter in Europe, now runs a trade surplus with China, something it did not do before the financial crisis. But Italy's terms of trade have weakened significantly.

The accompanying charts show that exports from most European countries to China are rising faster than imports from China. But if Europe is to start reducing its bilateral deficits with China, it will have to make even more adjustments. At the extreme, Greek exports are now running at well over twice their 2007 level, while Greek imports from China are declining and are only slightly ahead of the 2007 level. But because Greek exports are so small, Greece still exports only 10 cents worth of goods to China for each dollar's worth it imports.

Bilateral trade deficits are not the full story, of course. A country can run a large deficit with one country and a similar surplus with another. But with China now by far the world's largest exporter, a big deficit with it can be hard to overcome. Britain's trade deficit with China was nearly 5 percent of its gross domestic product in 2010.

The charts show the four largest economies in the European Union -- Germany, France, Britain and Italy -- and the three that have been forced to seek bailouts -- Greece, Ireland and Portugal. The final chart shows the combined trade with China of the other 20 countries in the union.

The austerity that was forced upon Ireland and Greece has stifled imports, particularly in Ireland, and something similar seems likely to happen in Portugal. But Italy, which is also deeply in debt but has a growing economy, has been able to rapidly increase its Chinese imports. As a result, its trade deficit with China has nearly doubled over the last year.

The trade figures are released by China and are in dollars, which is the currency used to denominate most international trade. China has released data through April for its major trading partners but has given figures only through February for some smaller ones.

The United States has also been vocal in worrying about its trade deficit with China, which is now larger than it was before the crisis. But while Europe has focused on specific industries, looking for subsidies and other unfair trade practices, the Americans have emphasized the need for China to allow its undervalued currency to appreciate.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** May 21, 2011

**LANGUAGE:** ENGLISH

**GRAPHIC:** CHARTS: 2010 trade with China: Exports to China for each dollar of imports from China

Change from 2007 in 12-month exports to and imports from China

Bilateral trade balance: As a percentage of G.D.P. (Sources: China customs (trade figures), national governments (G.D.P.), all via Haver Analytics)

**PUBLICATION-TYPE:** Newspaper

Copyright 2011 The New York Times Company

30 of 100 DOCUMENTS

The New York Times

April 9, 2011 Saturday

Late Edition - Final

**Shake-Up Could Affect Tone of U.S. Policy on China**

**BYLINE:** By MARK LANDLER; Steven Lee Myers contributed reporting.

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 7

**LENGTH:** 945 words

WASHINGTON -- With tensions rising over China's crackdown on dissent, the Obama administration is about to lose three of its most prominent players on China policy -- a shake-up that could reinforce its efforts to cultivate other Asian countries to counterbalance an increasingly assertive Beijing.

Jeffrey A. Bader, President Obama's top China adviser, is leaving the White House, senior officials said on Friday. James B. Steinberg, a deputy secretary of state who focused heavily on China, has announced plans to take a job in academia, while the American ambassador to China, Jon M. Huntsman Jr., will step down at the end of April to explore a bid for the Republican presidential nomination.

Taken together, the departures could alter the tone of the administration's approach to China, one of its most vital but difficult relationships. Mr. Bader will be replaced at the National Security Council by his deputy, Daniel R. Russel, a Japan expert. Mr. Steinberg's exit raises the profile of Kurt M. Campbell, the assistant secretary for East Asian affairs, who has also worked intensively on Japan.

While both Mr. Russel and Mr. Campbell have traveled to Beijing regularly in the last two years, their Japan pedigrees serve as a reminder to China that the United States has other old friends in the region. Since Mr. Obama took office, the United States has worked to shore up alliances with Japan and South Korea and to deepen ties with Indonesia, Vietnam and other neighbors that worry about China's regional ambitions.

White House officials played down any message in the changes, noting that China policy is coordinated by the national security adviser, Thomas E. Donilon, and that Mr. Obama has met the Chinese president, Hu Jintao, eight times -- an unusual amount of contact that demonstrates the importance that the administration attaches to China.

''We're going to have challenges going forward,'' Mr. Donilon said of China in an interview on Thursday. ''But we work from a better base, and more important, we work from a stronger base in the region.''

Among those challenges is China's recent detention of dozens of lawyers, journalists, artists and human-rights advocates, which American officials said appeared to be aimed at preventing the Arab world's uprisings from spreading to China. The State Department cited the arrests in its annual human-rights report, issued Friday, and Secretary of State Hillary Rodham Clinton bluntly criticized China.

On Wednesday, Ambassador Huntsman used a farewell speech in China to deliver a rebuke of Chinese authorities for detaining Ai Weiwei, a Beijing artist, as he was trying to board a flight to Hong Kong on Sunday. Mr. Huntsman also said China had wrongly jailed an American geologist, Xue Feng, who was accused of stealing state secrets while researching the Chinese oil industry.

Mr. Huntsman has been in an awkward spot, still serving as Mr. Obama's emissary even though there were indications that he might challenge him for the presidency in 2012. But administration officials said his remarks faithfully echoed the administration's criticism.

Mr. Huntsman's successor will be Gary Locke, the former governor of Washington, who is now commerce secretary. A senior official predicted that Mr. Locke would be warmly received in China because of his status as one of the highest-ranking Chinese-Americans in the government, as well as his record in Washington State, where he worked on trade ties with China for local exporters like Boeing.

Trade friction between Beijing and Washington has eased in recent weeks, with the upswing in the American economy and a modest rise in the value of China's currency. In February, the Treasury Department declined again, in a twice-yearly report, to cite China for manipulating its currency, though it said the currency, the renminbi, remained ''substantially undervalued'' compared to the dollar.

The White House pointed to signs of improvement, including China's decision not to veto a United Nations resolution authorizing military action in Libya, as well as its support for sanctions against Iran. Chinese officials are toning down maritime claims in the South China Sea, an issue that flared last year when Mrs. Clinton said the United States wanted to help resolve disputes between China and its neighbors.

After a fraught period between the two countries over disputes like climate change and North Korea, Mr. Hu had a smooth state visit in January. It had been exhaustively planned by Mr. Donilon and Mr. Bader, who traveled to Beijing last fall with Mr. Obama's former top economic adviser, Lawrence H. Summers. It was a trip that cemented Mr. Donilon as the key administration figure on China.

Mr. Donilon has kept up his contacts with Chinese officials, but he is not a China hand by background or education.

With Mr. Bader's departure for the Brookings Institution, the administration is losing a Chinese-speaking official whose involvement with China goes back to the normalization of relations in 1979. He also came up with the idea of appointing Mr. Huntsman, then the governor of Utah, who had been a Mormon missionary in Taiwan.

Mr. Bader's replacement, Mr. Russel, speaks Japanese and was consul general in Osaka, Japan, from 2005 to 2008. Noting that he worked at the United Nations and in Europe, Mr. Russel said that an official's focus could not be extrapolated from his background ''because their focus is what the president's focus is.''

For all his history with China, Mr. Bader was the architect of a policy that has stressed tightening ties with all the countries around it. He said Mr. Russel's regional focus made him the right choice to carry that forward.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** April 9, 2011

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2011 The New York Times Company

31 of 100 DOCUMENTS

The New York Times

March 31, 2011 Thursday

Late Edition - Final

**China Hedges Over Whether South China Sea is a 'Core Interest' Worth War**

**BYLINE:** By EDWARD WONG; Li Bibo contributed research.

**SECTION:** Section A; Column 0; Foreign Desk; MEMO FROM BEIJING; Pg. 12

**LENGTH:** 1215 words

BEIJING -- When President Hu Jintao of China dropped in on Washington this winter, one hot-button topic was notably absent from the agenda: the South China Sea. Nor will Chinese officials be keen to discuss it during a summit meeting between the countries planned for May in Washington.

In the past year, it has been one of the most delicate diplomatic issues between China and the United States. Perhaps no other point of tension has been as revealing of the difficulties American officials have reading and responding to Chinese foreign policy. But in recent months, Chinese leaders have apparently been happy to let the issue quiet down, perhaps for the sake of smoothing over relations with the Obama administration.

China, Taiwan and four Southeast Asian nations have been wrangling for years over territorial claims to the South China Sea. Then last July, amid heightening tensions in the waters, Secretary of State Hillary Rodham Clinton rallied with Southeast Asian nations to speak out against China. She bluntly said in Hanoi that the United States had a ''national interest'' in the area, and that China and other countries should abide by a 2002 agreement guaranteeing a resolution of the sovereignty disputes by ''peaceful means.''

Chinese officials were shocked that the United States was getting involved, analysts say. A public debate erupted in China over this question: Should China officially upgrade the South China Sea to a ''core interest,'' placing it on par with other sovereignty issues like Tibet, Taiwan and Xinjiang that could justify military intervention?

Some Chinese officials appeared to have floated that idea in early 2010 in private conversations with their American counterparts. Several American officials told reporters in Beijing and Washington last year that one or more Chinese officials had labeled the South China Sea a ''core interest.'' But despite those remarks and the public debate that came later, Chinese leaders have not explicitly come out with a policy statement describing the South China Sea as such -- nor have they denied it.

''It's not Chinese policy to declare the South China Sea as a core interest,'' said Zhu Feng, a professor of politics and international relations at Peking University. ''But the problem is that a public denial will be some sort of chicken action on the part of Chinese leaders. So the government also doesn't want to inflame the Chinese people.''

The Foreign Ministry and the State Council, China's cabinet, did not answer questions on the issue, despite repeated requests.

Michael Swaine, an analyst at the Carnegie Endowment for Peace, has published a paper with the China Leadership Monitor looking at China's growing use of the term ''core interest.'' Since 2004, Chinese officials, scholars and news organizations have increasingly used the term to refer to sovereignty issues. Initial references were to Taiwan, but the term now also encompasses Tibet and Xinjiang, the restive western region. After examining numerous Chinese print sources, Mr. Swaine concluded that China had not officially identified the South China Sea as a ''core interest.'' Some ''unofficial differences in viewpoint, along with the likely dilemma involved in confirming whether the South China Sea is a core interest, together suggest the possibility of disagreement among the Chinese leadership on this matter,'' Mr. Swaine wrote.

That is not to say that China has refrained from asserting its sovereignty claims. On March 24, a Foreign Ministry spokeswoman, Jiang Yu, said at a news conference that China held ''indisputable sovereignty'' over the Spratly Islands.

By spring 2010, it seemed to some American officials that Chinese officials were pushing beyond the standard sovereignty claims, calling the South China Sea a ''core interest.'' In a November interview with The Australian, Mrs. Clinton said Dai Bingguo, the senior foreign policy official in the Chinese government, told her that at a summit meeting in May 2010.

''I immediately responded and said, 'We don't agree with that,' '' Mrs. Clinton said, though some scholars in the United States and China question whether Mr. Dai made the remark. Then in July 2010, at a meeting of the Association of Southeast Asian Nations in Hanoi, Mrs. Clinton made the statements that enraged the Chinese. M. Taylor Fravel, a professor at the Massachusetts Institute of Technology who studies China's territorial issues, said Mrs. Clinton's move was in reaction to a long series of episodes in the South China Sea that American officials believed reflected greater assertiveness by China.

After Mrs. Clinton's statements, the English-language edition of Global Times, a populist Chinese newspaper, published an angry editorial that linked the South China Sea to China's core interests -- ''China will never waive its right to protect its core interest with military means,'' it said. Senior military officers weighed in on both sides. Han Xudong, an army colonel and a professor at National Defense University, wrote in Outlook, a policy magazine, that ''China's comprehensive national strength, especially in military capabilities, is not yet enough to safeguard all of the core national interests. In this case, it's not a good idea to reveal the core national interests.''

The Web site of People's Daily, the official mouthpiece of the Communist Party, posted a survey asking readers whether it was now necessary to label the South China Sea a ''core interest.'' As of January, 97 percent of nearly 4,300 respondents had said yes.

Muddying the whole issue has been the parallel use of ''core interests'' advanced by Mr. Dai. In 2009, he broadened the definition of the term by saying China had three core interests: maintaining its political system, defending its sovereignty claims and promoting its economic development. Some Chinese officials might now see the South China Sea and all other sovereignty disputes as falling under ''core interests.''

The debate in the Chinese news media seemed to reflect a divide among Chinese officials. Then in the fall, news organizations were ordered to stop writing about it.

''Now I think they are backing away and downplaying the question because of the trouble it is causing with the U.S. and the ASEANs,'' said Joseph Nye Jr., a professor of international relations at Harvard and a former Pentagon official.

Monitoring China's actions in the South China Sea is a more reliable way of gleaning its intentions, said Lyle Goldstein, director of the China Maritime Studies Institute at the U.S. Naval War College. His research shows that in August, Modern Ships, a publication linked to the Chinese Navy, detailed how two civilian surveillance ships planted a Chinese flag in the southern part of the sea; Mr. Goldstein said the fact that the ships were unarmed showed that China was taking a cautious approach.

But ''there has been an increase in hawkish declarations by Chinese naval leaders since last summer, reflecting a dangerous escalation of tensions,'' Mr. Goldstein said. In November, Modern Ships quoted Admiral Hu Yanlin as saying that ''international anti-China forces led by America'' had stirred up discord in the region.

''We are peace-loving,'' Admiral Hu said, ''but we also need to make the appropriate plans and preparations.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** March 31, 2011

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2011 The New York Times Company

32 of 100 DOCUMENTS

The New York Times

March 19, 2011 Saturday

Late Edition - Final

**Exodus Grows of Foreigners From Japan**

**BYLINE:** By MARK McDONALD and SHARON LAFRANIERE; Mark McDonald reported from Tokyo, and Sharon LaFraniere from Beijing. Martin Fackler contributed reporting from Yamagata, Japan. Su-Hyun Lee contributed research from Seoul, South Korea, and Li Bibo and Jonathan Kaiman from Beijing.

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 11

**LENGTH:** 895 words

TOKYO -- The exodus from Japan grew Friday as foreigners sought to flee the threat of radiation from the stricken Fukushima Daiichi nuclear power plant.

About 20,000 resident foreigners have indicated their intent to leave the country by requesting re-entry permits from the Tokyo Immigration Bureau, according to Kyodo news agency. Tokyo is about 140 miles south of the plant.

Ticket agents said flights out of Tokyo to South Korea and China were booking up quickly. A representative of China Southern Airlines, which flies from Tokyo to the Chinese coastal city of Dalian, said its flights were sold out until April. A representative of China Eastern Airlines, which flies from Tokyo to Beijing and Shanghai, also said seats ''are in short supply.'' An Air China agent said that the airline added two flights from Tokyo to China on Thursday and that some seats remained on its flights from Tokyo to Beijing.

Xiao Er, a Chinese businessman temporarily working in Inner Mongolia, said he had tried for three days to secure airline tickets to China for his Japanese wife and daughter, who live less than 170 miles from the crippled nuclear plant.

''Right now, my family is extremely panicked,'' he said in a telephone interview on Friday. ''Nobody is going outside. Everyone is hiding in their rooms, afraid of coming into contact with the radiation.''

He said that neither he nor his wife had been able to buy tickets to China for her and their daughter. Finally, a relative of his wife secured two tickets for about $1,500 each. An air ticket out of Japan at the moment is almost ''something that money can't buy,'' he said.

The South Korean government said that Korean Airlines and Asiana Airlines had added 4 to 11 flights a day from Tokyo to South Korea and had switched to bigger aircraft. Should an emergency evacuation become necessary, a Foreign Ministry official in Seoul said, South Korea is prepared to send military planes and warships to rescue its citizens.

''The government will mobilize all means, such as charter planes, vessels, military transport planes, Coast Guard patrol ships and warships to help evacuate our people,'' the second vice foreign minister, Min Dong-seok told reporters.

Foreign governments have taken varying approaches toward the evacuation of their citizens. Some countries recommended evacuation for those anywhere near the danger zone around the crippled reactors at the Fukushima nuclear plant. Other countries made arrangements to get their citizens out of Japan altogether.

France, Germany and Hong Kong, among many others, arranged charter flights for people wishing to pull back from Tokyo to Osaka -- or to leave the country. Britain said that it was chartering jets to fly between Tokyo and Hong Kong, and that Britons directly affected by the tsunami would not be charged for the flight.

The United States approved plans for voluntary evacuations of families and dependents of its military personnel and embassy employees in Japan, including those at air and naval bases 200 miles or more from the plant.

The American military presence in Japan includes about 38,000 troops plus nearly 50,000 dependents, civilian employees and American contractors.

But not all foreigners were fleeing. One Briton said he was not about to leave.

Michael Tonge, a schoolteacher in Sendai, the closest major city to the quake's epicenter, said that many of the expatriates in his area were ''forming groups using things like Facebook to try to get aid and help to the people who need it.''

''Sendai has been my home for over five years,'' Mr. Tonge said, ''and the people of this area have taken me in and made me feel very welcome. I can't leave them now, after this. I think that's how a lot of the foreigners here feel, too.''

Mr. Min, the South Korean Foreign Ministry official, also said that South Korea had moved its team of rescue workers in Japan farther from the reactors out of concern for their safety. The team moved from the city of Sendai, in the tsunami-hit region, to the western coastal town of Niigata, he said. South Korea and Taiwan both continued to expand radiation checks of passengers arriving on airplanes from Japan.

Since Tuesday, more than 11,000 people have voluntarily submitted to checks at airports in Taiwan, said a spokeswoman for the Department of Radiation Prevention of Taiwan's Atomic Energy Council. Radiation residue has been detected on just 37 of them, said the spokeswoman, who identified herself only as Ms. Xu. She said the highest level was about three times above normal, not enough to cause any health concern. Those with higher levels were given plastic coveralls and shoe covers. All were advised to wash their clothing and shoes when they reached their destination.

Seoul's Incheon international airport has established two voluntary checkpoints for radiation. Anyone who does not pass the first one is checked again to see if the levels of radioactive residue are high enough to be considered contamination. So far, according to the Nuclear Emergency Response Team at the Ministry of Education, Science and Technology, three people have been checked at the second gate. Two were cleared and sent home. A third person was checked again without shoes and coat after a small amount of residue was found on them, and was then cleared as well and sent home. The contaminated clothing was kept by the inspectors.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** March 19, 2011

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: Chinese passengers lined up to check in for a flight out of Japan at the Narita airport near Tokyo. (PHOTOGRAPH BY ISSEI KATO/REUTERS)

**PUBLICATION-TYPE:** Newspaper

Copyright 2011 The New York Times Company

33 of 100 DOCUMENTS

The New York Times

February 11, 2011 Friday

Correction Appended

Late Edition - Final

**In China, Tentative Steps Toward a Global Currency**

**BYLINE:** By DAVID BARBOZA

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1297 words

SHANGHAI -- Now that it has passed Japan to become the world's second-largest economy after the United States, China is considering the next step as a world power: making its money a global currency.

No one expects that to happen immediately. And even the Chinese government is wary of making some of the free-market moves that would enable the renminbi to take its place alongside the dollar, euro and Japanese yen as a fully convertible reserve currency.

Still, over the last year Beijing has begun to gradually loosen its tight currency controls. For the first time, for example, American companies like McDonald's and Caterpillar have been allowed to finance their China projects by selling renminbi-denominated bonds in Hong Kong.

Richard Lavin, a group president at Caterpillar, said his company's $150 million Hong Kong offering last November was less expensive than taking out a loan in China or raising the money in dollars and then converting those dollars into renminbi. The bonds were issued to help finance Caterpillar's equipment leasing business in China.

''This was a successful issue,'' Mr. Lavin said. ''Before, we were funding our operations by bringing in dollars and changing them to RMB.''

Meanwhile, in Russia, Vietnam and Thailand, some cross-border trades with China can now be settled in renminbi, so that trading partners do not have to convert in and out of dollars. One pilot program lets Russian companies like Sportmaster, a retail chain based in Moscow, buy or sell goods using Chinese currency.

And in New York, the Chinese government has permitted an overseas branch of Bank of China to accept deposits in renminbi. That enables depositors outside China to bet on a currency that is widely expected to appreciate against the dollar over the next few years.

''This is all encouraging the internationalization of the renminbi,'' Kelvin Lau, an economist at Standard Chartered Bank who is based in Hong Kong, said of Beijing's recent moves. ''They want to make the Chinese currency a popular currency.''

At Thursday's exchange rates, renminbi were trading just below 6.59 to the United States dollar -- a level that many experts say values the Chinese currency artificially low, as a result of Beijing's intervention efforts. Five years ago, the renminbi was trading at slightly more than 8 to the dollar.

Beyond mere bragging rights, China has economic motives for trying to go global with the renminbi. Analysts say the moves, if successful, could strengthen China's influence in overseas financial markets and begin to erode the dollar's dominance. Beijing could also eventually reap the rewards, like cheaper debt financing, that come with being recognized as a world reserve currency.

Global investors eager to bet on China's growth story, meanwhile, could find that looser controls on the renminbi make it easier to invest directly in bonds and other assets denominated in renminbi.

And importers and exporters could reduce their currency-fluctuation risks by settling China-related trade deals in renminbi rather than dollars or euros.

Robert A. Mundell, a Nobel laureate economist whose research is credited with helping develop the euro, says the renminbi's rise is all but inevitable.

''The RMB is likely to become a reserve currency in the future, even if the government of China does nothing about it,'' Professor Mundell said in an e-mail response to questions. He noted that the renminbi was already a regional currency in Southeast Asia, where China had become the dominant trading partner of many countries.

If China does eventually open its capital market by eliminating currency exchange controls, he said, ''the progress of the RMB as an international currency will be assured.''

But analysts caution that right now the renminbi is far from ready to mount a serious challenge to the United States dollar as the world's leading reserve currency. For one thing, China needs to assure investors that its political system is stable and that its economy still has plenty of growth ahead. For all its rapid growth over the last 30 years, China remains relatively poor compared with the United States, the Europe Union or Japan.

As an influence on global financial markets, the renminbi is ''still a distant, distant, distant fourth,'' said Albert Keidel, a China specialist at the Public Policy Institute at Georgetown University in Washington. ''People are going to start holding more renminbi, but it will be at least a decade or two for it to become a leading world reserve currency.''

China is the world's largest exporter and one of the biggest destinations for foreign direct investment, but the Chinese government still maintains strict control over its currency and banking system and the flow of money in and out of the country.

Economists say these restrictions allow Beijing to manage -- some say manipulate -- the renminbi exchange rate, keeping the currency undervalued enough to bolster exports. The policies also restrict the amount of capital that can enter the country -- or exit in the event of a sudden downturn.

China has been reluctant to make its currency fully convertible because its banks and financial system are still immature. What is more, allowing money to flow in and out of the country with few restrictions would effectively mean surrendering control over vital aspects of the state-run banking system.

But analysts say Beijing may eventually be forced to change its approach because its self-imposed financial restrictions leave the door to international markets only half open for China, undermining its global ambitions.

China's tight management of exchange rates also leads to complex market distortions that analysts say force Beijing to accumulate huge foreign exchange reserves -- much of them in the form of American Treasury bonds.

As long as China continues tightly linking the renminbi to the dollar, analysts say, the People's Bank of China is effectively outsourcing the nation's monetary policy to the United States Federal Reserve. And as the value of the dollar has dropped in recent years, Beijing has begun complaining that the United States' soaring budget deficits are eroding the value of China's huge dollar-denominated holdings.

Eswar S. Prasad, a professor of economics at Cornell University and the former head of the International Monetary Fund's China division, says these concerns are pushing China to step up its own efforts to reduce its reliance on the dollar and internationalize its own currency.

''This is a striking change,'' Professor Prasad said. ''But this is all conditional on whether they can reform their own financial markets. They know that if they open and their financial markets are not ready, it could lead to a disaster.''

If Beijing is not willing to take the steps necessary for making the renminbi fully convertible, many analysts doubt whether China can internationalize its currency in the coming years.

''They're in uncharted territory,'' says Nicholas R. Lardy, an economist and China specialist at the Peterson Institute for International Economics in Washington. ''But this is how China does everything. They experiment around the edges. You might look back 10 years from now and say it was the opening wedge in a transformation. Or it could be a flop.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** February 18, 2011

**LANGUAGE:** ENGLISH

**CORRECTION-DATE:** February 18, 2011

**CORRECTION:** This article has been revised to reflect the following correction: Because of an editing error, an article last Friday about China's tentative steps toward making the renminbi a global currency described the trend in its value versus the American dollar incorrectly in some editions. The renminbi, which was trading just below 6.59 to the dollar on Thursday, Feb. 10., was slightly more than 8 to the dollar five years ago-- 20 percent lower than now, not higher.

**GRAPHIC:** PHOTOS: An exchange in Hong Kong. China's currency is used in some international deals. (PHOTOGRAPH BY YM YIK/EUROPEAN PRESSPHOTO AGENCY) (B1)

American companies that do business in China, like McDonald's, have financed local projects by selling bonds in renminbi. (PHOTOGRAPH BY KEVIN LEE/BLOOMBERG NEWS) (B4)

**PUBLICATION-TYPE:** Newspaper

Copyright 2011 The New York Times Company

34 of 100 DOCUMENTS

The New York Times

January 1, 2011 Saturday

Late Edition - Final

**Vietnam Holds Its Own Within China's Vast Economic Shadow**

**BYLINE:** By WAYNE ARNOLD

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 6

**LENGTH:** 969 words

One of the biggest beneficiaries of China's rapid economic ascent is not China at all, but rather its historic rival, occasional enemy and fellow socialist neighbor to the south, Vietnam.

Less than a decade ago, many economists and executives believed that China's allure was creating a ''giant sucking sound'' of investment that could be heard in distant Hanoi and Ho Chi Minh City.

Vietnam has instead managed to tag along, however, thanks to its own program of economic overhauls, a fast-growing population of 87 million people, cheap labor and a free-trade agreement that has enabled Vietnam to become part of the vast global supply chain that feeds China's manufacturing machine.

After following China down the path toward communism after World War II, therefore, Vietnam finds itself back in China's ideological slipstream. This time, Hanoi is driving toward what its calls a ''socialist-oriented market economy,'' largely to keep from being run over by China's economic juggernaut.

''If China had not been there,'' said Jonathan Anderson, an economist at UBS in Hong Kong, ''Vietnam may not have opened up.'' Vietnam officially reopened its doors to foreign investors in 1986. But it did not really become part of the Asian economic boom until it won back its former enemy, the United States, which lifted a trade embargo in 1994 and normalized trade with Vietnam in 2000.

The U.S. trade agreement provided special incentives to textile and garment makers, since it immediately cut U.S. tariffs on Vietnamese made brassieres and panties from roughly 60 percent to zero. Textile and garment makers from South Korea and Taiwan flocked to Vietnam to open new factories.

Other light manufacturing soon followed, like home appliances and motorbike assemblers, and another industry hitherto dominated by China -- furniture. ''That whole industry just gradually moved into Vietnam,'' said Frederick Burke, a lawyer at Baker & McKenzie in Ho Chi Minh City who has been working in Vietnam and advising its government for more than a decade.

When China joined the World Trade Organization in 2002, however, many feared that Vietnam and indeed much of Southeast Asia's days as a favored destination for foreign manufacturing investment were over. Some economists even warned that the region would have to surrender manufactured export-led development and instead focus on feeding China's voracious demand for raw materials.

China signed a free-trade agreement with Vietnam and the nine other members of the Association of Southeast Asian Nations in 2002 that seemed to reinforce such fears. While the agreement gave poorer nations like Vietnam until 2015 to open up to Chinese goods, China eliminated tariffs on their agricultural products in 2003.

The agreement was a boon for Vietnam, which aside from being a leading exporter of rice, pepper and coffee, is a net oil exporter. But as other nations like Singapore, Malaysia and Thailand scrambled to climb the value-added ladder with niche products or more technologically advanced products that enabled them at the least to stay in the race with China, Vietnam seemed destined to become a pantry for a rapidly developing China.

Then China stumbled. Rampant technological piracy, nationalist demonstrations and shortages of skilled labor prompted many foreign companies, particularly Japanese, to move some production back to Southeast Asia. Worse, wages in China were rising fast. ''In the late 1990s and early 2000s, you could hire as much labor as you wanted in China. People now talk about rising labor costs,'' said Mr. Anderson.

Waiting with its own well-educated, disciplined but much cheaper work force was Vietnam. The minimum wage in Vietnam's two largest cities is still about $75 a month, as little as half what it costs to hire a worker in China's factory province of Guangdong, according to Dinh Tuan Viet, senior economist at the World Bank in Hanoi.

This year, Intel opened a new, $1 billion semiconductor factory near Ho Chi Minh City to replace facilities in Malaysia, the Philippines and China. Canon's printer factory near Hanoi, with more than 18,000 employees, is the company's largest.

Vietnam has now managed to establish itself firmly in China's supply chain. Many of the parts for Canon's factory come from China, for example, a fact that underscores the downside to Vietnamese efforts to follow in China's manufacturing footsteps -- imports of machinery and equipment from China contribute to a roughly $11.5 billion trade deficit with China as Vietnam races to build up its infrastructure and manufacturing capacity.

Now, with China trying to take its next major leap forward into cleaner, more consumer-focused industries, the question is whether Vietnam has gotten far enough to advance in step with China, Mr. Viet said. ''Is Vietnam ready and capable of absorbing a new wave of foreign investment resulting from 'structural change' in China?'' he asked. ''It seems to me there are still a lot of constraints for Vietnam to take this chance: poor infrastructure and an underdeveloped logistics industry, an abundant but unskilled labor force, etc.''

For all of China's many obstacles, Vietnam still ranks below it in the World Bank's survey on the ease of doing business.

That survey ranks Vietnam above China in starting a business and employing workers, but below China in protecting investors and enforcing contracts. Vietnam also ranks low on Transparency International's Corruption Perceptions Index -- 116th, compared with 78th for China.

Still, Vietnam seems to have won favor as an alternative to China for foreign investors. Foreign direct investment into Vietnam rose almost fourfold between 2005 and 2008, according to the World Bank, to $9.58 billion, and slipped 20 percent during the crisis in 2009 to $7.6 billion. In China it almost halved.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** January 1, 2011

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: A Piaggio scooter and motorcycle factory in Vietnam, which was helped when the United States lifted its trade embargo in 1994 and normalized relations in 2000. (PHOTOGRAPH BY KHAM/REUTERS)

**PUBLICATION-TYPE:** Newspaper

Copyright 2011 The New York Times Company

35 of 100 DOCUMENTS

The New York Times

November 24, 2010 Wednesday

Late Edition - Final

**North Korea Relies on China, But Tends to Resist Its Guidance**

**BYLINE:** By IAN JOHNSON and MICHAEL WINES; Jonathan Ansfield contributed reporting, and Zhang Jing contributed research.

**SECTION:** Section A; Column 0; Foreign Desk; NEWS ANALYSIS; Pg. 14

**LENGTH:** 837 words

BEIJING -- North Korea's unending appetite for confrontation has left many wondering what its bottom line is, none more so than its supposed patron and big brother, China.

Despite its impoverishment and heavy dependence on Chinese aid and support, North Korea seems to regularly defy every Chinese diplomatic initiative, from Beijing's work to keep the Korean Peninsula nuclear-free to its efforts to prevent a violent confrontation.

China's influence is rising steadily around the world. But the problem of how to manage North Korea, its Communist neighbor and onetime ally, appears to befuddle China's leaders, who stumble from indulging the North to sending occasional signals of pique, all without persuading the country to adopt a path toward greater openness or stability.

''At the moment China has limited influence,'' said Cai Jian, a professor of Korean studies at Fudan University. ''On one hand it's unhappy with North Korean actions and its provocative behavior, but on the other hand it still has to support North Korea.''

The support continues because China fears that the vacuum created by a sudden collapse there would open the door to rule by South Korea, ''and that will put an American military alliance on the doorstep of China.''

Mr. Cai said that during a recent trip to China, the North Korean leader, Kim Jong-il, was told by the Chinese president, Hu Jintao, that they should communicate better so that China would not be surprised by its behavior.

This was followed by a warning given by one of China's senior leaders, Zhou Yongkang, who made a much publicized trip to North Korea last month. Mr. Zhou reportedly told Mr. Kim that China would support his son's succession but North Korea would have to take substantive steps to open up its economy, including rejoining diplomatic efforts, to relieve the external economic pressures on it. None of the top nine leaders in China -- the Standing Committee of the Politburo -- have close ties to North Korea. And China has little interest in seeing a Communist political dynasty take hold.

Despite its efforts to accommodate North Korea's idiosyncratic political system, China was apparently caught off guard by the recent developments. The news that North Korea had built a sophisticated uranium enrichment plant was received with incredulity by Chinese media outlets. The normally nationalistic Global Times cited experts who cast doubt on China's diplomatic strategy and said that North Korea had been ''purposefully hard-line.''

The North Korean shelling of a South Korean island seemed to have been even more of a shock. On Tuesday, Chinese officials implied that they had no advance knowledge at all and still had no contact. At a press briefing, a Foreign Ministry spokesman said China needed to verify media reports.

China also called on all sides to return to ''six-party talks'' between the main countries involved in the region. But almost no Chinese analyst seems to believe that this will result in anything until North Korea shows an eagerness to negotiate rather than make demands -- the current one seeming to be that the world recognize it as a full nuclear power with no strings attached.

Speaking in Beijing on Tuesday evening, the United States special envoy to North Korea, Stephen W. Bosworth, also called for a return to the six-nation talks and said he had ''very useful'' talks with Chinese officials. The two sides, he said, agreed on the need for multilateralism.

But during previous negotiations, North Korea used the time to further develop its nuclear capacity, even though this was against China's public position. China has also repeatedly called for calm and the avoidance of armed confrontation, but the two Koreas are now shelling each other.

This could strengthen the hand of critics of North Korea within China, some of whom are geographically closest to the border. Many leaders in northeastern China are frustrated over the steady flow of refugees escaping poverty. Others are disappointed that North Korea has dashed decades of hopes for cross-border trade or special economic zones along the border.

The question many have is whether China will do more than grumble. On his China trip, Mr. Kim was probably trying to shore up his support in Beijing for his son and in preparation for his current provocations. Many times in the past, that sort of lobbying worked and China chose to ignore the North's provocations. In 2006, for example, China had almost no warning of a North Korean missile test, leading Beijing to call it ''brazen'' -- fighting words compared with China's normal response. That led to limited sanctions. The question now is how close China is again to giving up on subtle influence.

''No matter whether it be within the party, among the people, or even within the military, China has grown increasingly sick and tired of North Korea's rogue politics,'' said a senior Chinese media commentator, who asked not to be named because of the delicacy of the issue. ''But strategically, China's kidnapped by it.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** November 24, 2010

**LANGUAGE:** ENGLISH

**DOCUMENT-TYPE:** News Analysis

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

36 of 100 DOCUMENTS

The New York Times

November 10, 2010 Wednesday

Late Edition - Final

**Containment-Lite**

**BYLINE:** By THOMAS L. FRIEDMAN

**SECTION:** Section A; Column 0; Editorial Desk; OP-ED COLUMNIST; Pg. 35

**LENGTH:** 858 words

Don't believe everything you read in the paper. Take this headline that appeared a couple weeks ago, when I was in New Delhi, in The Hindustan Times: ''U.S. Not Seeking to Contain China: Clinton.'' It was referring to a statement made by Secretary of State Hillary Clinton while on a swing through Asia. No, Washington is not trying to contain China the way we once did the Soviet Union, but President Obama didn't just spend three days in India to improve his yoga.

His visit was intended to let China know that America knows that India knows that Beijing's recent ''aggressiveness,'' as one Indian minister put it to me, has China's neighbors a bit on edge. None of China's neighbors dare mention the C-word -- containment -- in public. Indeed, none of them want to go there at all or intend to promote such a policy. But there's a new whiff of anxiety in the Asian air.

All of China's neighbors want China to know, as the sign says: ''Don't even think about parking here.'' Don't even think about using your growing economic and military clout to just impose your claims in border disputes and over oil-rich islands in the South China Sea. Because, if you do, all of China's neighbors will be doomed to become America's new best friends -- including India.

That's why each one of China's neighbors is eager to have a picture of their president standing with Secretary Clinton or President Obama -- with the unspoken caption that reads: ''Honestly, China, we don't want to throttle you. We don't want an Asian cold war. We just want to trade and be on good terms. But, please, stay between the white lines. Don't even think about parking in my space because, if you do, I have this friend from Washington, and he's really big. ... And he's got his own tow truck.''

I'd call this ''pre-containment'' or ''containment-lite'' -- triggered in the last year by a sudden upsurge in China's assertion of claims to all of the South China Sea. It marks a stark contrast to the mood in the region just two years ago. As Christian Caryl, a contributing editor at Foreign Policy magazine, noted in an Aug. 4 essay: China for years was being praised by Asian experts for being so shrewd, so clever, so deft, in building cultural and economic ties with all its neighbors -- and outmaneuvering the stupid, oafish Americans. But in just six months, China has cast itself in the role of bully and prompted its neighbors to roll out the red carpets for Uncle Sam.

''In recent months,'' noted Caryl, ''Beijing has elevated its claims to territory in the South China Sea to the level of a 'core national interest' on par with Tibet or Taiwan, and that has sparked considerable anger among the other countries in the region -- including Brunei, Indonesia, Malaysia, the Philippines, Taiwan, and Vietnam -- that claim ownership of pieces of the sea. ... Then, just in case the Americans and the Southeast Asians still didn't get the message, the Chinese Navy staged large-scale maneuvers in the sea, deploying ships from all three of its fleets. Admirals watched as the ships fired off volleys of missiles at imaginary enemies -- all of it shown in loving detail by Chinese television.''

China has also muscled Vietnam into halting its oil exploration in what Beijing claimed were Chinese territorial waters and forced Japan to release a Chinese fishing boat captain, who was arrested after a collision with two Japanese coast guard vessels near disputed islands in the East China Sea. China got its way with Japan by halting China's exports to Japan of rare earth elements crucial for advanced manufacturing.

''With the Chinese Communist Party increasingly dependent on the military to maintain its monopoly on power and ensure domestic order, senior military officers are overtly influencing foreign policy,'' wrote Brahma Chellaney, a defense analyst at Delhi's Center for Policy Research.

But the Indians, like their fellow Asians, really do not want to go beyond containment-lite with China -- for now. Sure India and China are at odds over borders and Pakistan, but China is now India's largest trading partner.

Also, never forget that Indian foreign policy has a long history of nonalignment. ''Until a year ago, the big Indian debate was how do we deal with American hegemony,'' said the Indian strategist C. Raja Mohan. Many of India's older elites still fear U.S. ''imperialism'' and ''neo-Liberalism.''

And, finally, says the Indian defense analyst Kanti Basu: ''Deep down, the Indians who pay attention in the strategic community sense that the Chinese are rising and the Americans are fading -- and it doesn't look like the Americans are going to fix their problems any time soon.'' So don't bet the silverware on America.

No, India is not going to jump into America's arms. But we're not asking it to. Democracy, geopolitics, geography and economics are all combining to move America and India closer together. And that's a good thing for both. If China plays it smart, Indian-American relations will never go beyond pre-containment. But if China doesn't play it smart, Obama to India could one day become the new Nixon to China: my enemy's enemy is my new best friend.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** November 10, 2010

**LANGUAGE:** ENGLISH

**DOCUMENT-TYPE:** Op-Ed

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

37 of 100 DOCUMENTS

The New York Times

October 31, 2010 Sunday

Late Edition - Final

**As China Rises, Wary Neighbors Form Alliances**

**BYLINE:** By MARK LANDLER, JIM YARDLEY and MICHAEL WINES; Mark Landler reported from Hanoi, Jim Yardley from New Delhi, and Michael Wines from Beijing.

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 1

**LENGTH:** 1361 words

HANOI, Vietnam -- China's military expansion and assertive trade policies have set off jitters across Asia, prompting many of its neighbors to rekindle old alliances and cultivate new ones to better defend their interests against the rising superpower.

A whirl of deal-making and diplomacy, from Tokyo to New Delhi, is giving the United States an opportunity to reassert itself in a region where its eclipse by China has been viewed as inevitable.

President Obama's trip to the region this week, his most extensive as president, will take him to the area's big democracies, India, Indonesia, South Korea and Japan, skirting authoritarian China. Those countries and other neighbors have taken steps, though with varying degrees of candor, to blunt China's assertiveness in the region.

Mr. Obama and Prime Minister Manmohan Singh of India are expected to sign a landmark deal for American military transport aircraft and are discussing the possible sale of jet fighters, which would escalate the Pentagon's defense partnership with India to new heights. Japan and India are courting Southeast Asian nations with trade agreements and talk of a ''circle of democracy.'' Vietnam has a rapidly warming rapport with its old foe, the United States, in large part because its old friend, China, makes broad territorial claims in the South China Sea.

The deals and alliances are not intended to contain China. But they suggest a palpable shift in the diplomatic landscape, on vivid display as leaders from 18 countries gathered this weekend under the wavelike roof of Hanoi's futuristic convention center, not far from Ho Chi Minh's mausoleum, for a meeting suffused by tensions between China and its neighbors.

China's escalating feud with Japan over another set of islands, in the East China Sea, stole the meeting's headlines on Saturday, and Secretary of State Hillary Rodham Clinton proposed three-way negotiations to resolve the issue.

Most Asian countries, even as they argue that China will inevitably replace the United States as the top regional power, have grown concerned at how quickly that shift is occurring, and what China the superpower may look like.

China's big trading partners are complaining more loudly that it intervenes too aggressively to keep its currency undervalued. Its recent restrictions on exports of crucial rare earths minerals, first to Japan and then to the United States and Europe, raised the prospect that it may use its dominant positions in some industries as a diplomatic and political weapon.

And its rapid naval expansion, combined with a more strident defense of its claims to disputed territories far off its shores, has persuaded Japan, South Korea, Vietnam and Singapore to reaffirm their enthusiasm for the American security umbrella.

''The most common thing that Asian leaders have said to me in my travels over this last 20 months is, 'Thank you, we're so glad that you're playing an active role in Asia again,' '' Mrs. Clinton said in Hawaii, opening a seven-country tour of Asia that included a last-minute stop in China.

Few of China's neighbors voice their concerns about the country publicly, but analysts and diplomats say they express wariness about the pace of China's military expansion and the severity of its trade policies in private.

''Most of these countries have come to us and said, 'We're really worried about China,' '' said Kenneth G. Lieberthal, a China adviser to President Bill Clinton who is now at the Brookings Institution.

The Obama administration has been quick to capitalize on China's missteps. Where officials used to speak of China as the Asian economic giant, they now speak of India and China as twin giants. And they make clear which one they believe has a closer affinity to the United States.

''India and the United States have never mattered more to each other,'' Mrs. Clinton said. ''As the world's two largest democracies, we are united by common interests and common values.''

As Mr. Obama prepares to visit India in his first stop on his tour of Asian democracies, Mr. Singh, India's prime minister, will have just returned from his own grand tour -- with both of them somewhat conspicuously, if at least partly coincidentally, circling China.

None of this seems likely to lead to a cold war-style standoff. China is fully integrated into the global economy, and all of its neighbors are eager to deepen their ties with it. China has fought no wars since a border skirmish with Vietnam three decades ago, and it often emphasizes that it has no intention of projecting power through the use of force.

At the same time, fears that China has become more assertive as it has grown richer are having real consequences.

India is promoting itself throughout the region as a counterweight to China; Japan is settling a dispute with the United States over a Marine air base; the Vietnamese are negotiating a deal to obtain civilian nuclear technology from the United States; and the Americans, who had largely ignored the rest of Asia as they waged wars in Afghanistan and Iraq, see an opportunity to come back in a big way.

In July, for example, Mrs. Clinton reassured Vietnam and the Philippines by announcing that the United States would be willing to help resolve disputes between China and its neighbors over a string of strategically important islands in the South China Sea.

China's foreign minister, Yang Jiechi, reacted furiously, accusing the United States of plotting against it, according to people briefed on the meeting. Mr. Yang went on to note that China was a big country, staring pointedly at the foreign minister of tiny Singapore. Undaunted, Mrs. Clinton not only repeated the American pledge on the South China Sea in Hanoi on Saturday, but expanded it to include the dispute with Japan.

China's rise as an authoritarian power has also revived a sense that democracies should stick together. K. Subrahmanyam, an influential strategic analyst in India, noted that half the world's people now live in democracies and that of the world's six biggest powers, only China has not accepted democracy.

''Today the problem is a rising China that is not democratic and is challenging for the No. 1 position in the world,'' he said.

Indeed, how to deal with China seems to be an abiding preoccupation of Asia's leaders. In Japan, Prime Minister Naoto Kan and Mr. Singh discussed China's booming economy, military expansion and increased territorial assertiveness.

''Prime Minister Kan was keen to understand how India engages China,'' India's foreign secretary, Nirupama Rao, told reporters. ''Our prime minister said it requires developing trust, close engagement and a lot of patience.''

South Korea was deeply frustrated earlier this year when China blocked an explicit international condemnation of North Korea for sinking a South Korean warship, the Cheonan. South Korea accused North Korea of the attack, but China, a historic ally of the North, was unwilling to hold it responsible.

India has watched nervously as China has started building ports in Sri Lanka and Pakistan, extending rail lines toward the border of Nepal, and otherwise seeking to expand its footprint in South Asia.

India's Defense Ministry has sought military contacts with a host of Asian nations while steadily expanding contacts and weapons procurements from the United States. The United States, American officials said, has conducted more exercises in recent years with India than with any other nation.

Mr. Singh's trip was part of his ''Look East'' policy, intended to broaden trade with the rest of Asia. He has said it was not related to any frictions with China, but China is concerned. On Thursday, People's Daily, the Communist Party newspaper, ran an opinion article asking, ''Does India's 'Look East' Policy Mean 'Look to Encircle China'?''

That wary view may well reflect China's reaction to the whole panoply of developments among its neighbors.

''The Chinese perceived the Hanoi meeting as a gang attack on them,'' said Charles Freeman, an expert on Chinese politics and economics at the Center for Strategic and International Studies. ''There's no question that they have miscalculated their own standing in the region.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** October 31, 2010

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: Prime Minister Wen Jiabao of China, left, with Prime Minister Manmohan Singh of India on Friday in Hanoi, Vietnam. India is promoting itself in the region as a counterweight to China. (POOL PHOTO BY BARBARA WALTON) (A8)

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

38 of 100 DOCUMENTS

The New York Times

October 11, 2010 Monday

Late Edition - Final

**In Vietnam, Gates to Discuss Maritime Claims of China**

**BYLINE:** By THOM SHANKER

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 10

**LENGTH:** 613 words

HANOI, Vietnam -- Defense Secretary Robert M. Gates landed Sunday in Vietnam, where the narrative of a past war with the United States has faded as the leadership here openly seeks American support to counter an increasingly assertive China.

Mr. Gates has scheduled private talks with his Vietnamese counterpart during a conference of defense ministers from across the region, where a key issue will be how to manage China's expanded claims of maritime rights in the South China Sea. China has backed those claims with threats of economic retaliation against some nations in the region.

A senior Defense Department official traveling aboard Mr. Gates's airplane to Hanoi said the defense ministers from the Association of Southeast Asian Nations would look for common ground on the issues of counterterrorism, peacekeeping and, with China in attendance, a response to Beijing's push for increased sovereignty over international waters.

Mr. Gates faces a delicate balancing act. He must reassure Asian partners and allies that the United States will remain engaged in the region and will work for a peaceful resolution of the competing claims over islands, undersea mineral wealth and fishing rights. But he must do so without jeopardizing his equally important efforts to restore a healthy military-to-military dialogue with China.

China and the United States have already sparred over China's claims in the South China Sea, with the United States allied with Vietnam on the issue. In March, at least one senior Chinese official raised the level of its claim, asserting to two senior White House officials visiting Beijing that the South China Sea was a ''core interest,'' a phrase that placed it on a par with Taiwan and Tibet, which China considers parts of its territory.

In Hanoi in July, Secretary of State Hillary Rodham Clinton hardened Washington's stance by saying the United States had a ''national interest'' in freedom of navigation in the area.

The defense secretary's expected arguments to China are clear: Beijing's dash to become a global economic power requires it to honor accepted standards for sharing oceans and airspace, and harassment of ships and airplanes in international lanes off its shores will harm China's long-term interests.

China is expected to invite Mr. Gates to Beijing, a significant change in tone. China froze military relations with the United States this year when the Obama administration announced $6.4 billion in arms sales to Taiwan.

Mr. Gates arrived in Vietnam 15 years after normalization of relations between the two countries, but the streets were overflowing with revelers for another celebration, the 1,000th anniversary of the founding of Hanoi. China and Vietnam have a long history of bloody competition, one that was buried for the years that China backed North Vietnam in pushing back American military involvement here.

Vietnam's worries over Chinese encroachment were reflected in its recent choices for weapons purchases. Last year, Vietnam signed deals with Russia to buy six Kilo-class diesel-powered hunter-killer submarines for $1.8 billion and eight Sukhoi jet fighters for another $500 million, according to the Congressional Research Service. Both weapons are designed for protecting territorial waters and airspace, and the deals also illustrate Russia's support of nations trying to curb China's power.

The United States, while seeking to improve diplomatic and military relations with Vietnam, has offered little in the way of arms, mostly focusing its assistance on military training and officer education. Washington has continuing human rights concerns with Vietnam, mostly about ensuring freedom of religion here.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** October 11, 2010

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

39 of 100 DOCUMENTS

The New York Times

September 23, 2010 Thursday

Late Edition - Final

**CHINA'S DISPUTES IN ASIA BUTTRESS INFLUENCE OF U.S.**

**BYLINE:** By EDWARD WONG; Michael Wines contributed reporting from Beijing, and Martin Fackler from Tokyo. Zhang Jing contributed research.

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 1

**LENGTH:** 1191 words

BEIJING -- For the last several years, one big theme has dominated talk of the future of Asia: As China rises, its neighbors are being inevitably drawn into its orbit, currying favor with the region's new hegemonic power.

The presumed loser, of course, is the United States, whose wealth and influence are being spent on the wars in Iraq and Afghanistan and whose economic troubles have eroded its standing in a more dynamic Asia.

But rising frictions between China and its neighbors in recent weeks over security issues have handed the United States an opportunity to reassert itself -- one the Obama administration has been keen to take advantage of.

Washington is leaping into the middle of heated territorial disputes between China and Southeast Asian nations despite stern Chinese warnings that it mind its own business. The United States is carrying out naval exercises with South Korea in order to help Seoul rebuff threats from North Korea even though China is denouncing those exercises, saying that they intrude on areas where the Chinese military operates.

Meanwhile, China's increasingly tense standoff with Japan over a Chinese fishing trawler captured by Japanese ships in disputed waters is pushing Japan back under the American security umbrella.

The arena for these struggles is shifting this week to a summit meeting of world leaders at the United Nations. Wen Jiabao, the Chinese prime minister, has refused to meet with his Japanese counterpart, Naoto Kan, and on Tuesday he threatened Japan with ''further action'' if it did not unconditionally release the fishing captain.

On Friday, President Obama is expected to meet with Southeast Asian leaders and promise that the United States is willing to help them peacefully settle South China Sea territorial disputes with China.

''The U.S. has been smart,'' said Carlyle A. Thayer, a professor at the Australian Defense Force Academy who studies security issues in Asia. ''It has done well by coming to the assistance of countries in the region.''

''All across the board, China is seeing the atmospherics change tremendously,'' he added. ''The idea of the China threat, thanks to its own efforts, is being revived.''

Asserting Chinese sovereignty over borderlands in contention -- everywhere from Tibet to Taiwan to the South China Sea -- has long been the top priority for Chinese nationalists, an obsession that overrides all other concerns. But this complicates China's attempts to present the country's rise as a boon for the whole region and creates wedges between China and its neighbors.

Nothing underscores that better than the escalating diplomatic conflict between China and Japan over the detention of the Chinese fishing captain, Zhan Qixiong, by the Japanese authorities, who say the captain rammed two Japanese vessels around the Senkaku or Diaoyu Islands in the East China Sea. The islands are administered by Japan but claimed by both Japan and China.

The current dispute may strengthen the military alliance between the United States and Japan, as did an incident last April when a Chinese helicopter buzzed a Japanese destroyer. Such confrontations tend to remind Japanese officials, who have suggested that they need to refocus their foreign policy on China instead of America, that they rely on the United States to balance an unpredictable China, analysts say.

''Japan will have no choice but to further go into America's arms, to further beef up the U.S.-Japan alliance and its military power,'' said Huang Jing, a scholar of the Chinese military at the National University of Singapore.

In July, Southeast Asian nations, particularly Vietnam, applauded when Secretary of State Hillary Rodham Clinton said that the United States was willing to help mediate a solution to disputes that those nations had with China over the South China Sea, which is rich in oil, natural gas and fish. China insists on dealing with Southeast Asian nations one on one, but Mrs. Clinton said the United States supported multilateral talks. Freedom of navigation in the sea is an American national interest, she said.

President Obama meets on Friday with leaders from the 10-member Association of Southeast Asian Nations, or Asean. The Associated Press reported that the participants would issue a joint statement opposing the ''use or threat of force by any claimant attempting to enforce disputed claims in the South China Sea.'' The statement is clearly aimed at China, which has seized Vietnamese fishing vessels in recent years and detained their crews.

On Tuesday, a Chinese Foreign Ministry spokeswoman, Jiang Yu, criticized any attempt at mediation by the United States. ''We firmly oppose any country having nothing to do with the South China Sea issue getting involved in the dispute,'' she said at a news conference in Beijing.

China has also been objecting to American plans to hold military exercises with South Korea in the Yellow Sea, which China claims as its exclusive military operations zone. The United States and South Korea want to send a stern message to North Korea over what Seoul says was the torpedoing last March of a South Korean warship by a North Korean submarine. China's belligerence serves only to reinforce South Korea's dependence on the American military.

American officials are increasingly concerned about the modernization of China's navy and its long-range abilities, as well as China's growing assertiveness in the surrounding waters. In March, a Chinese official told White House officials that the South China Sea was part of China's ''core interest'' of sovereignty, similar to Tibet and Taiwan, an American official said in an interview at the time. American officials also object to China's telling foreign oil companies not to work with Vietnam on developing oil fields in the South China Sea.

Some Chinese military leaders and analysts see an American effort to contain China. Feng Zhaokui, a Japan scholar at the Chinese Academy of Social Sciences, said in an article on Tuesday in The Global Times, a populist newspaper, that the United States was trying to ''nurture a coalition against China.''

In August, Rear Adm. Yang Yi wrote an editorial for The PLA Daily, published by the Chinese Army, in which he said that on one hand, Washington ''wants China to play a role in regional security issues.''

''On the other hand,'' he continued, ''it is engaging in an increasingly tight encirclement of China and is constantly challenging China's core interests.''

Asian countries suspicious of Chinese intentions see Washington as a natural ally. In April, the incident involving the Chinese helicopter and Japanese destroyer spooked many in Japan, making them feel vulnerable at a time when Yukio Hatoyama, then the prime minister, had angered Washington with his pledges to relocate a Marine Corps air base away from Okinawa.

His successor, Mr. Kan, has sought to smooth out ties with Washington and has emphasized that the alliance is the cornerstone of Japanese foreign policy.

''Insecurity about China's presence has served as a wake-up call on the importance of the alliance,'' said Fumiaki Kubo, a professor of public policy at the University of Tokyo.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** September 23, 2010

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: A recent visitor to a museum in Shenyang, China, dedicated to the outbreak of war between Japan and China in 1931, carried a sign that referred to Japan's wartime occupation of much of China and called on Tokyo to release a detained Chinese fisherman. (PHOTOGRAPH BY MARK/EUROPEAN PRESSPHOTO AGENCY) (A13)

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

40 of 100 DOCUMENTS

The New York Times

August 26, 2010 Thursday

Late Edition - Final

**Pre-Crash, Report Said Airport Was Unsuitable**

**BYLINE:** By SHARON LaFRANIERE; Christine Negroni contributed reporting from Old Greenwich, Conn. Zhang Jing contributed research.

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 8

**LENGTH:** 585 words

BEIJING -- China's largest passenger airline deemed nighttime landings at a new airport in northeastern China unsafe a year before a Henan Airlines jet crashed there on Tuesday night, killing 42 passengers and injuring 54 others.

China Southern Airlines, the country's largest passenger carrier, concluded that the Lindu airport, outside Yichun, a city of one million people in Heilongjiang Province, was ''in principle not suitable for night flights,'' according to a safety notice posted on a Chinese news organization's Web site. Daytime landings in rainy conditions were also ruled out for the airline, the notice said.

The small airport, nestled in a thickly forested valley, opened last year, according to Chinese news media.

The crash Tuesday at the Lindu airport was China's first major passenger airline disaster since a China Eastern Airlines plane crashed into a lake in northern China in 2004, killing 55 people. China has recently made a concerted effort to tighten safety rules and improve training.

It has also been rapidly opening new airports to help spur economic development and satisfy surging demand. The number of airline passengers in China more than tripled between 2000 and 2009, government statistics show.

On Wednesday, investigators continued to search for clues that would explain why the plane, a Brazilian-made Embraer E-190, crashed into a grassy area and burst into flames at 9:36 p.m. Tuesday while trying to land on a fog-shrouded runway at the Lindu airport. The jet had taken off about 40 minutes earlier from the provincial capital of Harbin.

A team of Chinese officials, led by Deputy Prime Minister Zhang Dejiang, headed for Yichun for the inquiry. Technicians from Embraer also flew to China to investigate. Henan Airlines grounded flights for three days.

The state-run Xinhua news agency reported that Chinese carriers had previously complained of problems with E-190 aircraft, including cracks in the turbine plates and flight control system errors. China's Civil Aviation Administration organized a workshop in June to discuss the concerns, Xinhua said.

Embraer has 650 E-170 and E-190 model jets operating in 39 countries according to the company, and until the crash of Henan Airlines on Tuesday, there have been no fatal crashes of the 190. JetBlue, USAirways, and Air Canada operate E-190s.

Embraer officials confirmed that the company was scheduled to meet with Henan next week.A local official told Xinhua that crew members of the Henan Airlines flight reported that they could see lights on the ground and requested a normal landing.

Survivors said the plane jolted so violently while trying to land that luggage flew off the overhead racks. One middle-aged man, interviewed in a hospital bed by the state-controlled CCTV television network, said that after the jet hit the ground, smoke billowed from the rear of the plane and he feared suffocation.

''It was very strong,'' he said. ''It looked like we had only two or three minutes left. I knew something bad was going to happen.''

Hua Jingwei, head of the Communist Party's propaganda department in Yichun, told Xinhua that the plane broke in two as it approached the runway, throwing some passengers out of the cabin. That account was not immediately confirmed by survivors.

Henan Airlines primarily operates regional flights. Passengers on the Tuesday flight included five children and a team of officials from Beijing, among them the vice minister for human resources, Sun Baoshu. He was described as seriously injured.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** August 26, 2010

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: Police officers guarded the wreckage of the plane that crashed Tuesday in northeastern China. (PHOTOGRAPH BY REUTERS)

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

41 of 100 DOCUMENTS

The New York Times

August 16, 2010 Monday

Late Edition - Final

**China Overtakes Japan to Become No. 2 Global Economic Power**

**BYLINE:** By DAVID BARBOZA; Hiroko Tabuchi contributed from Tokyo.

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1252 words

SHANGHAI -- After three decades of spectacular growth, China passed Japan in the second quarter to become the world's second-largest economy behind the United States, according to government figures released early Monday.

The milestone, though anticipated for some time, is the most striking evidence yet that China's ascendance is for real and that the rest of the world will have to reckon with a new economic superpower.

The recognition came early Monday, when Tokyo said that Japan's economy was valued at about $1.28 trillion in the second quarter, slightly below China's $1.33 trillion. Japan's economy grew 0.4 percent in the quarter, Tokyo said, substantially less than forecast. That weakness suggests that China's economy will race past Japan's for the full year.

Experts say unseating Japan -- and in recent years passing Germany, France and Great Britain -- underscores China's growing clout and bolsters forecasts that China will pass the United States as the world's biggest economy as early as 2030. America's gross domestic product was about $14 trillion in 2009.

''This has enormous significance,'' said Nicholas R. Lardy, an economist at the Peterson Institute for International Economics. ''It reconfirms what's been happening for the better part of a decade: China has been eclipsing Japan economically. For everyone in China's region, they're now the biggest trading partner rather than the U.S. or Japan.''

For Japan, whose economy has been stagnating for more than a decade, the figures reflect a decline in economic and political power. Japan has had the world's second-largest economy for much of the last four decades, according to the World Bank. And during the 1980s, there was even talk about Japan's economy some day overtaking that of the United States.

But while Japan's economy is mature and its population quickly aging, China is in the throes of urbanization and is far from developed, analysts say, meaning it has a much lower standard of living, as well as a lot more room to grow. Just five years ago, China's gross domestic product was about $2.3 trillion, about half of Japan's.

This country has roughly the same land mass as the United States, but it is burdened with a fifth of the world's population and insufficient resources.

Its per capita income is more on a par with those of impoverished nations like Algeria, El Salvador and Albania -- which, along with China, are close to $3,600 -- than that of the United States, where it is about $46,000.

Yet there is little disputing that under the direction of the Communist Party, China has begun to reshape the way the global economy functions by virtue of its growing dominance of trade, its huge hoard of foreign exchange reserves and United States government debt and its voracious appetite for oil, coal, iron ore and other natural resources.

China is already a major driver of global growth. The country's leaders have grown more confident on the international stage and have begun to assert greater influence in Asia, Africa and Latin America, with things like special trade agreements and multibillion dollar resource deals.

''They're exerting a lot of influence on the global economy and becoming dominant in Asia,'' said Eswar S. Prasad, a professor of trade policy at Cornell and former head of the International Monetary Fund's China division. ''A lot of other economies in the region are essentially riding on China's coat tails, and this is remarkable for an economy with a low per capita income.''

In Japan, the mood was one of resignation. Though increasingly eclipsed by Beijing on the world stage, Japan has benefited from a booming China, initially by businesses moving production there to take advantage of lower wages and, as local incomes have risen, by tapping a large and increasingly lucrative market for Japanese goods.

Beijing is also beginning to shape global dialogues on a range of issues, analysts said; for instance, last year it asserted that the dollar must be phased out as the world's primary reserve currency.

And while the United States and the European Union are struggling to grow in the wake of the worst economic crisis in decades, China has continued to climb up the economic league tables by investing heavily in infrastructure and backing a $586 billion stimulus plan.

This year, although growth has begun to moderate a bit, China's economy is forecast to expand about 10 percent -- continuing a remarkable three-decade streak of double-digit growth.

''This is just the beginning,'' said Wang Tao, an economist at UBS in Beijing. ''China is still a developing country. So it has a lot of room to grow. And China has the biggest impact on commodity prices -- in Russia, India, Australia and Latin America.''

There are huge challenges ahead, though. Economists say that China's economy is too heavily dependent on exports and investment and that it needs to encourage greater domestic consumption -- something China has struggled to do.

The country's largely state-run banks have recently been criticized for lending far too aggressively in the last year while shifting some loans off their balance sheet to disguise lending and evade rules meant to curtail lending growth.

China is also locked in a fierce debate over its currency policy, with the United States, European Union and others accusing Beijing of keeping the Chinese currency, the renminbi, artificially low to bolster exports -- leading to huge trade surpluses for China but major bilateral trade deficits for the United States and the European Union. China says that its currency is not substantially undervalued and that it is moving ahead with currency reform.

Regardless, China's rapid growth suggests that it will continue to compete fiercely with the United States and Europe for natural resources but also offer big opportunities for companies eager to tap its market.

Although its economy is still only one-third the size of the American economy, China passed the United States last year to become the world's largest market for passenger vehicles. China also passed Germany last year to become the world's biggest exporter.

Global companies like Caterpillar, General Electric, General Motors and Siemens -- as well as scores of others -- are making a more aggressive push into China, in some cases moving research and development centers here.

Some analysts, though, say that while China is eager to assert itself as a financial and economic power -- and to push its state companies to ''go global'' -- it is reluctant to play a greater role in the debate over climate change or how to slow the growth of greenhouse gases.

China passed the United States in 2006 to become the world's largest emitter of greenhouse gases, which scientists link to global warming. But China also has an ambitious program to cut the energy it uses for each unit of economic output by 20 percent by the end of 2010, compared to 2006.

Assessing what China's newfound clout means, though, is complicated. While the country is still relatively poor per capita, it has an authoritarian government that is capable of taking decisive action -- to stimulate the economy, build new projects and invest in specific industries.

That, Mr. Lardy at the Peterson Institute said, gives the country unusual power. ''China is already the primary determiner of the price of virtually every major commodity,'' he said. ''And the Chinese government can be much more decisive in allocating resources in a way that other governments of this level of per capita income cannot.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** August 16, 2010

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

42 of 100 DOCUMENTS

The New York Times

July 24, 2010 Saturday

Late Edition - Final

**Offering to Aid Talks, U.S. Challenges China on Disputed Islands**

**BYLINE:** By MARK LANDLER; Choe Sang-hun contributed reporting from Seoul, South Korea, and Edward Wong from Beijing.

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 4

**LENGTH:** 976 words

HANOI, Vietnam -- Opening a new source of potential friction with China, the Obama administration said Friday that it would step into a tangled dispute between China and its smaller Asian neighbors over a string of strategically significant islands in the South China Sea.

Secretary of State Hillary Rodham Clinton, speaking at an Asian regional security meeting in Vietnam, stressed that the United States remained neutral on which regional countries had stronger territorial claims to the islands. But she said that the United States had an interest in preserving free shipping in the area and that it would be willing to facilitate multilateral talks on the issue.

Though presented as an offer to help ease tensions, the stance amounts to a sharp rebuke to China. Beijing has insisted for years that all the islands belong to China and that any disputes should be resolved by China. In March, senior Chinese officials pointedly warned their American counterparts that they would brook no interference in the South China Sea, which they called part of the ''core interest'' of sovereignty.

Many of the islands are just rocks or spits of sand, but they are rich in oil and natural gas deposits, and China views them as important outposts that extend its territorial waters far into the busy shipping lanes in the sea.

''The United States has a national interest in freedom of navigation, open access to Asia's maritime commons and respect for international law in the South China Sea,'' Mrs. Clinton said.

The announcement was a significant victory for the Vietnamese, who have had deadly clashes in past decades with China over some of the islands. Vietnam's strategy has been to try to ''internationalize'' the disputes by bringing in other players for multilateral negotiations.

The administration's decision to get involved appeared to catch China flat-footed and angered its foreign minister, Yang Jiechi, at a time when the country is already on edge over naval exercises the United States and South Korea will hold starting this weekend off the Korean Peninsula.

Twelve of the 27 countries at the security meeting spoke out in favor of a new approach to the South China Sea, prompting Mr. Yang to observe that the American effort seemed orchestrated.

International concern has been deepening about China's maritime ambitions, which have expanded with its economic and military muscle. China raised tensions with Vietnam this year with plans to develop tourism in one of the island groups, the Paracels, which the two nations fought over in 1974 before China assumed full control. They had another lethal clash in 1988 over the Spratly island group.

In recent months, administration officials said, China has harassed fishing boats and leaned on energy companies that have tried to make offshore deals with other countries.

Although American relations with China on political and economic matters are regarded as stable, military ties have become strained over United States arms sales to Taiwan and American concerns about China's growing naval ambitions. In June, China withdrew an invitation to host a visit by Defense Secretary Robert M. Gates, and the two have largely suspended regular military-to-military talks.

This week, China was already bristling over the joint American-South Korean naval exercises because some drills are to take place in the Yellow Sea, which China claims as a military operation zone.

At the security meeting, other tensions flared on the familiar front of North Korea, with a North Korean official threatening a ''physical response'' to the naval exercises. The United States made no secret that it intended the drills to be a deterrent to North Korean aggression. It announced them after an investigation led by South Korea found the North responsible for torpedoing a South Korean ship, the Cheonan, in March.

The North Korean official, Ri Tong-il, said, ''This is not defensive training,'' noting that the United States was deploying one of its most formidable nuclear-powered aircraft carriers, the George Washington, in the exercises. ''It is a grave threat to the Korean Peninsula and also to the region of Asia as a whole.''

But North Korea has opened a small window of engagement on the issue. Military officers from North Korea and the United Nations Command met on the inter-Korean border on Friday for the second time this month to discuss the sinking. Meeting at the border village of Panmunjom, colonels from both sides ''exchanged ideas and further details for convening a joint assessment group'' to investigate ''the cause of the armistice violations that led to the sinking,'' the American-led United Nations Command said.

It remained unclear whether North Korea accepted the proposal. North Korea has so far insisted that it conduct its own investigation by sending a team of ''inspectors'' to South Korea.

On Friday, the United Nations Command notified North Korea of plans to hold another joint America and South Korean military exercise: an annual drill from Aug. 16 to Aug. 26. As is normal for the annual drill, no location was announced.

Mrs. Clinton's stop in Hanoi wrapped up a grueling trip that amounted to a tour of American wars, past and present: from Afghanistan to the demilitarized zone in South Korea, and finally to Vietnam, where, in a sunset ceremony, she watched the remains of three American soldiers killed in the war placed on an Air Force transport plane to be returned to the United States.

Mrs. Clinton sought to apply lessons from the American experience in the Korean War to Afghanistan. ''We saw South Korea struggle to become a functioning democracy -- huge amounts of instability, coups, corruption, scandal, you name it,'' she said. ''It's good to remind ourselves: the United States has stood with countries that went through a lot of ups and downs for a lot longer than eight years.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** July 24, 2010

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: Secretary of State Hillary Rodham Clinton at the Asean Regional Forum in Hanoi on Friday. (POOL PHOTO BY HOANG DINH NAM) MAP: China sees the Paracel and Spratly Islands as its outposts.

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

43 of 100 DOCUMENTS

The New York Times

July 22, 2010 Thursday

Late Edition - Final

**G.M., Eclipsed at Home, Soars to Top in China**

**BYLINE:** By DAVID BARBOZA and NICK BUNKLEY; David Barboza reported from Shanghai and Nick Bunkley from Detroit. Bao Beibei contributed research.

**SECTION:** Section A; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1205 words

SHANGHAI -- A decade ago, this city had five car dealerships selling Buicks, the top-selling General Motors brand in China. Today it has 27.

And the crowds of shoppers that fill many of them are young, ready to pay cash and not inclined to haggle over the sticker price.

As G.M. prepares a public stock offering later this year, China is emerging as a crucial piece of its appeal to potential investors -- and a surprising down payment of sorts for American taxpayers, who would begin shrinking their 61 percent equity stake in the company.

In the first half of this year, G.M.'s China sales rose 48.5 percent over the same period last year, and for the first time ever, the automaker sold more vehicles in China than in the United States. Just 13 years after entering China, G.M. now says the country accounts for a quarter of its global sales -- blistering growth that even G.M. did not expect this soon.

''China's a big piece of the value of the company,'' said Stephen J. Girsky, G.M.'s vice chairman for corporate strategy and business development. ''And since we pull cash out of China, it helps fund investments in other parts of the company as well.''

Analysts estimate G.M. is worth $50 billion to $90 billion, with China accounting for about $15 billion of that total. The United States government converted about $43 billion of aid to G.M. into its equity stake, which is expected to be sold off over time after the company is publicly traded. A valuation above $70 billion or so would allow the government to earn a profit on its stake.

Through joint ventures with China's S.A.I.C. Motor Corporation and other local manufacturers, G.M. is this country's largest vehicle manufacturer, accounting for about 13 percent of the nation's fragmented car market. Its product line aims to cover the broad spectrum of needs, like the $5,000 Wuling Sunshine, a barebones minivan wildly popular in rural areas, and the luxurious Cadillacs that can be seen in the wealthy neighborhoods of Beijing.

This week, G.M. announced plans to create a seventh brand to sell small passenger cars. In the United States, G.M. is down to just four brands, after shedding Pontiac, Saab, Saturn and Hummer during its bankruptcy.

''This is not some sort of flash-in-the-pan investment strategy,'' said Michael Robinet, an analyst with the research firm IHS Automotive. ''During the bankruptcy process, G.M. China was the beacon in the night that G.M. always had in its back pocket, and China will be a vital cog in G.M.'s machine going forward.''

G.M. said it earned about $400 million from its China joint ventures in the first quarter of this year, when it earned a total of $1.2 billion outside of North America and Europe. Its total corporate profit for the quarter was $865 million because of losses and other costs elsewhere.

While GM's fast-growing China operations are helping to offset the automaker's problems in the United States, it ultimately will need to do better on its home turf to restore its financial health. On that score, G.M. earned a first-quarter profit of $1.2 billion in North America, after losing $3.4 billion the previous quarter, but its market share in the United States so far this year is down from 2009. Analysts said G.M.'s overall prospects still hinge more than anything else on its North American operations being healthy, because that is where it can generate the most income.

The company's success in China has been helped by the fact that Chinese consumers do not have the skepticism about G.M. that is commonly seen in the United States. In China, many shoppers know little about cars and go to a dealer for guidance.

''What we offer is accepted at face value,'' said Kevin Wale, the president of G.M. China. ''We don't carry any baggage, basically. We get treated for what we deliver.''

G.M. officials say no American taxpayer money has been used to expand in China, though a Chinese government stimulus program that encouraged sales of clean vehicles and helped farmers and other rural residents buy vehicles has fueled consumer demand here.

Buick is the company's star. Favored by China's last emperor, Buick is perceived as sumptuous and stylish, a contrast with its staid image among many Americans. G.M. sold nearly half a million Buicks here last year, almost five times the brand's sales in the United States.

''I was so fascinated by the shape of this car,'' said Xu Tianpei, who bought a Buick Regal at the Yongda dealership in Shanghai for 230,000 renminbi ($34,000), including taxes and insurance. ''

Shen Hui, the general manager at the Shanghai Yongda Buick dealership, said discounted prices were a rarity because of the psychology of the Chinese car market, which for many years evolved around scarcity.

''People will not buy if the price is discounted because they think it will fall even further later on,'' he said. ''But when there is no discount and tight supply, they will worry that there won't be any cars left.''

G.M. expects to sell more than three million cars and trucks in China annually by 2015; from January to June of this year it sold 1.2 million vehicles, versus 1.08 million in the United States. G.M.s sales in China in the first half of 2010 were quadruple those of the Ford Motor Company.

G.M. has been a part of the American industrial landscape for more than a century, but it has been in China only since 1997.

Still, that was early in the development of China's consumer market for cars and trucks, which has given G.M. an advantage over rivals that only began arriving after it became clear how quickly demand was rising.

G.M. has for years been heavily focused on investing in China and other emerging markets, and it has been introducing some vehicles, like the Buick LaCrosse and Chevrolet Cruze sedans, in China before the United States and other countries.

In addition, G.M. has greatly enlarged its engineering and design work force in China. It is building the country's largest proving grounds and broke ground this week on a $250 million advanced technology center to research batteries and other alternative energy sources.

G.M.'s hourly work force in China has grown to 32,000 people at 10 factories, including its joint ventures, while its American operations have shrunk to 52,000 hourly employees from a peak of 468,000 in 1979.

Tim Dunne, director of global automotive operations at the research firm J. D. Power & Associates, said China's huge population did not guarantee success for automakers but that G.M. had been done well because of its focus on meeting consumers' tastes.

''You're talking about one of the most competitive markets in the world,'' Mr. Dunne said. ''They've surpassed my expectations. They marshaled resources into China and made sure they did it the right way.''

Mr. Wale, the president of G.M. China, admittedly has very different concerns from his counterparts in Detroit. As the company's sales were falling 30 percent in the United States in 2008 and 2009, they were surging 67 percent in China.

But while rapid growth is the better of the two problems to have, the consequences of any missteps in China can reverberate throughout G.M. worldwide.

''If you're not ready and you miss the market growth, then you miss it for a long time,'' Mr. Wale said.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** July 22, 2010

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTOS: In the first half of 2010, sales of General Motors vehicles in China increased 48.5 percent. (A1)

Ten years ago, Shanghai had five car dealerships selling Buicks, the top-selling General Motors brand in China. Today it has 27. (PHOTOGRAPHS BY QILAI SHEN FOR THE NEW YORK TIMES) (A3) CHART: Solid Sales: During the first half of this year, for the first time, General Motors sold more vehicles in China than in the United States. (Source: General Motors) (A3)

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

44 of 100 DOCUMENTS

The New York Times

July 10, 2010 Saturday

Late Edition - Final

**A Compromise Allows Both China and Google to Claim a Victory**

**BYLINE:** By DAVID BARBOZA and MIGUEL HELFT; David Barboza reported from Shanghai and Miguel Helft from San Francisco. Michael J. de la Merced contributed reporting from Sun Valley, Idaho.

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 999 words

SHANGHAI -- The tense standoff that began in January with Google's unprecedented rebuke of China's Internet censorship rules appeared to ease on Friday with a compromise that might allow both sides to claim a partial victory.

Google said that Beijing agreed to renew the company's license to operate a Web site in mainland China, months after Google said it would stop censoring search results in China. Google's challenge of Beijing's authority, which followed a series of sophisticated online attacks which Google said originated in China, put into question Google's ability to do any business in the world's largest Internet market.

Google's chief executive, Eric E. Schmidt, said Friday that the renewal ''was the outcome we were hoping for.''

''We'll keep doing what we're doing, and they'll keep doing what they're doing,'' he said Friday at the Allen & Company media conference in Sun Valley, Idaho.

The license, which China could revoke at any time, allows Google to keep its Web site, Google.cn, in China and continue operating some Internet services there. It also allows Google to continue referring users in China to its uncensored Hong Kong-based Chinese language search engine, at google.com.hk.

Hong Kong, a former British colony that is now a special administrative region of China, is governed separately from the mainland. Under the current setup in mainland China, users can conduct a Google search and see the results, but often they cannot open the links because they are blocked by the Chinese government.

''This was an issue made to order for compromise,'' said J. Stapleton Roy, director of the Kissinger Institute on China and the United States at the Woodrow Wilson International Center for Scholars. ''It is good for China to have Google involved there, and it is good for Google to keep its footprint in China.''

The renewal of Google's license came two weeks after the company was forced to change its approach of automatically sending Chinese search users to its Hong Kong-based site. Under threat from Beijing that its license would be denied, Google instead began displaying on Google.cn a link to the Hong Kong site that users could click to conduct searches.

Forcing users to take that extra step could cost Google market share in China, where it trails behind Baidu, the local search engine. But China experts said that the approach represents a pragmatic balancing of interests that lets both sides get some of what they want.

Xiao Qiang, director of the China Internet Project at the University of California, Berkeley, said that Google won because ''they get their operating license. Chinese Internet users win because they can continue to access some Google services.''

But Mr. Xiao said the Chinese government also would win, because while it forced Google to move its search service out of China and barred it from automatically redirecting users to its uncensored Hong Kong-based search engine, it also got to show its own people and the outside world that it was willing to balance economic issues and censorship.

''It is unprecedented for a private company to challenge Chinese Internet censorship,'' Mr. Xiao said. ''In the past, there would have been no doubt that the Chinese government would have punished Google.'' For the government, finding a way to keep Google in the country ''is a very calculated position that is good for China's long-term development and openness,'' Mr. Xiao said.

While Google's stand against Chinese government censorship earned Google the good will of free speech and human rights advocates, it also came at a cost.

The compromise will allow Google to keep some of its business in China, but its position there may be weakened. In addition to potentially losing search traffic, Google could be hurting its ambition to expand into China's booming mobile phone business. Some phone makers and network operators are introducing phones powered by Google's Android software in China, but they have stripped out Google's mobile search service from the devices and replaced it with rivals like Baidu. Google, which makes its money placing ads linked to search results, could face a limited audience for mobile advertising.

Google said in January that it was not willing to continue cooperating with Chinese censors after the hacking attempts on its databases and the e-mail accounts of some users. The company said at the time that it might have to shut down its search engine in China if the government insisted that the company continue to strip material that officials consider offensive or politically volatile.

Many analysts were stunned by the moves and questioned whether Google was acting prudently in risking its spot in the world's largest Internet market.

When the government insisted that Google continue to censor search results, the company tried to simply redirect users to the Hong Kong site. The change had little impact on Chinese users, who could still not access sites that the Chinese government censored. But it shifted the onus of censoring results from Google to China's filtering system, known as the Great Firewall of China.

But Google's approach failed to appease Beijing, and Google was forced to modify it again late last month, by offering users a link on Google.cn rather than the automatic referral to the Hong Kong site. The move, though seemingly insignificant, apparently satisfied China.

Renewal is required annually for Google's license, which officially expires in 2012.

Even before the censorship issue came to the fore, Google was struggling in China to attain the same market dominance it has achieved in many other countries.

The hottest Internet companies in China include Baidu, Tencent and Alibaba -- fast-growing local companies that are making huge profits.

Google is not the only American giant that has had trouble in China. Yahoo and eBay have failed to gain significant traction here. And Facebook, Twitter and YouTube are blocked by the government.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** July 10, 2010

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTOS: Google ended its standoff with the Chinese government by giving a link to uncensored search results rather than automatically redirecting users. (B1)

Eric Schmidt, right, said the deal brought ''the outcome we were hoping for.'' With him are Sergey Brin, left, and Larry Page. (PHOTOGRAPH BY MARIO ANZUONI/REUTERS) (B4)

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

45 of 100 DOCUMENTS

The New York Times

July 8, 2010 Thursday

Late Edition - Final

**China Seeks to Spend Its Way to Stability in Its Far West**

**BYLINE:** By MICHAEL WINES

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 10

**LENGTH:** 402 words

BEIJING -- A year after ethnic protests in western China left at least 200 people dead, China's central government has announced a plan to spend more than $100 billion in the region to ''promote the fast and healthy development of the western areas,'' according to a government newspaper.

Chinese leaders also announced tax breaks for coal, oil and natural gas, three major resources in the region. Speaking at a Beijing conference, Prime Minister Wen Jiabao said the changes would increase the share of taxes on resources going to local governments.

The plan appeared to be part of a dual strategy to help the economy by bolstering domestic demand and to soothe tensions in the region.

China's National Development and Reform Commission, a top-tier economic planning agency, said the money would be spent to build railroads, coal mines, airports and power grids, among other infrastructure projects. It would be spread over the Xinjiang and Tibet regions, Inner Mongolia and Sichuan and Yunnan Provinces, which border Xinjiang or Tibet.

Far western China has become a prime development site, thanks to rich deposits of natural gas and other crucial resources. In weekend remarks at a conference here, President Hu Jintao said western China should become the bedrock of China's energy programs, given its strategic reserves of oil and gas.

The new plan continues a longtime policy of promoting economic development in western China, where unrest among ethnic Tibetans and Muslims has been a constant source of concern to Chinese authorities. From 2000 to 2009, the government spent nearly $325 billion on development projects in the area, according to the state-run newspaper China Daily.

By the numbers, the investments have raised average incomes in the regions. But the investment has had no measurable effect on ethnic unrest, and some critics say the vast majority of the wealth has gone to China's ethnic Han majority, which has moved into the areas to take advantage of the programs. Critics charge that the development programs are in fact a state plan to dilute ethnic majorities in Xinjiang and Tibet by giving Han Chinese citizens incentives to move into the areas.

At a conference this week, Chinese officials called the investment in western China a strategic move, designed to raise the living standards of the region's people and shift growth away from China's prosperous coastal areas.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** July 8, 2010

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

46 of 100 DOCUMENTS

The New York Times

July 5, 2010 Monday

Correction Appended

Late Edition - Final

**China Fears Warming Effects Of a Rising Consumer Class**

**BYLINE:** By KEITH BRADSHER

**SECTION:** Section A; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1321 words

GUANGZHOU, China -- Premier Wen Jiabao has promised to use an ''iron hand'' this summer to make his nation more energy efficient. The central government has ordered cities to close inefficient factories by September, like the vast Guangzhou Steel mill here, where most of the 6,000 workers will be laid off or pushed into early retirement.

Already, in the last three years, China has shut down more than a thousand older coal-fired power plants that used technology of the sort still common in the United States. China has also surpassed the rest of the world as the biggest investor in wind turbines and other clean energy technology. And it has dictated tough new energy standards for lighting and gas mileage for cars.

But even as Beijing imposes the world's most rigorous national energy campaign, the effort is being overwhelmed by the billionfold demands of Chinese consumers.

Chinese and Western energy experts worry that China's energy challenge could become the world's problem -- possibly dooming any international efforts to place meaningful limits on global warming.

If China cannot meet its own energy-efficiency targets, the chances of avoiding widespread environmental damage from rising temperatures ''are very close to zero,'' said Fatih Birol, the chief economist of the International Energy Agency in Paris.

Aspiring to a more Western standard of living, in many cases with the government's encouragement, China's population, 1.3 billion strong, is clamoring for more and bigger cars, for electricity-dependent home appliances and for more creature comforts like air-conditioned shopping malls.

As a result, China is actually becoming even less energy efficient. And because most of its energy is still produced by burning fossil fuels, China's emission of carbon dioxide -- a so-called greenhouse gas -- is growing worse. This past winter and spring showed the largest six-month increase in tonnage ever by a single country.

Until recently, projections by both the International Energy Agency and the Energy Information Administration in Washington had assumed that, even without an international energy agreement to reduce greenhouse-gas emissions, China would achieve rapid improvements in energy efficiency through 2020.

But now China is struggling to limit emissions even to the ''business as usual'' levels that climate models assume if the world does little to address global warming.

''We really have an arduous task'' even to reach China's existing energy-efficiency goals, said Gao Shixian, an energy official at the National Development and Reform Commission, in a speech at the Clean Energy Expo China in late June in Beijing.

China's goal has been to reduce energy consumption per unit of economic output by 20 percent this year compared with 2005, and to reduce emissions of greenhouse gases per unit of economic output by 40 to 45 percent in 2020 compared with 2005.

But even if China can make the promised improvements, the International Energy Agency now projects that China's emissions of energy-related greenhouse gases will grow more than the rest of the world's combined increase by 2020. China, with one-fifth of the world's population, is now on track to represent more than a quarter of humanity's energy-related greenhouse-gas emissions.

Industry by industry, energy demand in China is increasing so fast that the broader efficiency targets are becoming harder to hit.

Although China has passed the United States in the average efficiency of its coal-fired power plants, demand for electricity is so voracious that China last year built new coal-fired plants with a total capacity greater than all existing power plants in New York State.

While China has imposed lighting efficiency standards on new buildings and is drafting similar standards for household appliances, construction of apartment and office buildings proceeds at a frenzied pace. And rural sales of refrigerators, washing machines and other large household appliances more than doubled in the past year in response to government subsidies aimed at helping 700 million peasants afford modern amenities.

As the economy becomes more reliant on domestic demand instead of exports, growth is shifting toward energy-hungry steel and cement production and away from light industries like toys and apparel.

Chinese cars get 40 percent better gas mileage on average than American cars because they tend to be much smaller and have weaker engines. And China is drafting regulations that would require cars within each size category to improve their mileage by 18 percent over the next five years. But China's auto market soared 48 percent in 2009, surpassing the American market for the first time, and car sales are rising almost as rapidly again this year.

One of the newest factors in China's energy use has emerged beyond the planning purview of policy makers in Beijing, in the form of labor unrest at factories across the country.

An older generation of low-wage migrant workers accepted hot dormitories and factories with barely a fan to keep them cool, one of many reasons Chinese emissions per person are still a third of American emissions per person. Besides higher pay, young Chinese are now demanding their own 100-square-foot studio apartments, with air-conditioning at home and in factories. Indeed, one of the demands by workers who went on strike in May at a Honda transmission factory in Foshan was that the air-conditioning thermostats be set lower.

Chinese regulations still mandate that the air-conditioning in most places be set no cooler than 79 degrees Fahrenheit in the summer. But upscale shopping malls have long been exempt from the thermostat controls and have maintained much cooler temperatures through the summers. Now, as the consumer economy takes root, those malls are proliferating in cities across China.

Premier Wen acknowledged in a statement after a cabinet meeting in May that the efficiency gains had started to reverse and actually deteriorated by 3.2 percent in the first quarter of this year. He cited a lack of controls on energy-intensive industries, although the economic rebound from the global financial crisis may have also played a role.

Global climate discussions, in pinning hopes on China's ability to vastly improve its efficient use of energy, have tended to cite International Energy Agency data showing that China uses twice as much energy per dollar of output as the United States and three times as much as the European Union. The implicit assumption is that China can greatly improve efficiency because it must still be relying mainly on wasteful, aging boilers and outmoded power plants.

But David Fridley, a longtime specialist in China's energy at the Lawrence Berkeley National Laboratory, said that the comparison to the United States and the European Union was misleading.

Manufacturing makes up three times as much of the Chinese economy as it does the American economy, and it is energy-intensive. If the United States had much more manufacturing, Mr. Fridley said, it would also use considerably more energy per dollar of output.

''China has been trying to grab the low-lying fruit -- to find those opportunities where increased efficiency can save money and reduce carbon-dioxide emissions,'' said Ken Caldeira, a climate change specialist at the Carnegie Institution for Science in Stanford, Calif. ''It is starting to look like it might not be that easy to find and grab this fruit.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** July 8, 2010

**LANGUAGE:** ENGLISH

**CORRECTION-DATE:** July 8, 2010

**CORRECTION:** This article has been revised to reflect the following correction: A chart on Monday with the continuation of an article about China's concerns over the effects on global warming of its rising energy consumption labeled one axis incorrectly. The chart shows China's energy-related emissions of greenhouses gases in billions of tons, not millions. A corrected chart is at nytimes.com/businessday.

**GRAPHIC:** PHOTOS: The Guangzhou Steel mill in Guangzhou, China, will close its doors in September as part of a government effort to improve energy efficiency in factories.

Most of the steel mill's 6,000 workers will be laid off or pushed into early retirement. (PHOTOGRAPHS BY CHRISTIE JOHNSTON FOR THE NEW YORK TIMES) (B5) CHART: More Emissions: China's energy-related emissions of greenhouse gases are expected to surge even if a national efficiency campaign succeeds, as assumed below. But Chinese and Western experts increasingly worry that Chinese emissions may rise even faster than shown here. (Source: International Energy Agency) (B5)

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

47 of 100 DOCUMENTS

The New York Times

June 20, 2010 Sunday

Late Edition - Final

**China Signals That It Will Let Currency Rise**

**BYLINE:** By KEITH BRADSHER; David E. Sanger and Sewell Chan contributed reporting from Washington.

**SECTION:** Section A; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1170 words

HONG KONG -- China announced on Saturday evening that it would allow greater flexibility in the value of its currency, a move that could deflect growing international criticism of its economic policies and defuse one of the greatest sources of tension between Beijing and Washington.

The statement, by China's central bank, was the clearest sign yet that the country would allow its currency to appreciate gradually against the dollar. World leaders are due to meet next week in Canada for economic talks, and China's currency policies had appeared a certain source of conflict.

The United States has been leading a chorus of countries urging China to let its currency fluctuate. Many members of Congress believe China's exchange rate policy gives it an unfair trade advantage, and a movement has been growing to take retaliatory trade action if China did not make an adjustment.

President Obama and the Treasury secretary, Timothy F. Geithner, immediately praised China's action. ''China's decision to increase the flexibility of its exchange rate is a constructive step that can help safeguard the recovery and contribute to a more balanced global economy,'' Mr. Obama said in a statement. The European Commission also said it supported the move.

But it remains to be seen whether the move will significantly rebalance the global trade picture. The People's Bank of China was cautious in its statement about how far its currency, the renminbi, might fluctuate, warning explicitly that ''the basis for large-scale appreciation of the RMB exchange rate does not exist.'' Chinese officials said the renminbi would move in relation to an unspecified basket of currencies, not just the dollar. Experts said that depending on how the system was designed, China could avoid rapid fluctuations.

Mr. Geithner alluded to this in a statement, saying, ''This is an important step, but the test will be how far and how fast they let the currency appreciate.''

The first sign of how much currency appreciation will be tolerated is likely to come Monday morning, when the Chinese government will set the initial trading band for the value of the renminbi in Shanghai trading.

China has kept its currency value low since mid-2008 by pegging it to that of the dollar and not letting it fluctuate. Any trend in the renminbi's value would have been higher without the peg, making China's goods more expensive to foreign consumers and possibly slowing the country's export-based economy.

In its statement Saturday, the central bank said that the Chinese economy was strengthening after the crisis and that it was ''desirable to proceed further with reform'' of the currency. Tellingly, the announcement was made almost simultaneously in Chinese and in English, a rare occurrence, and Chinese officials advised foreign governments beforehand that they were about to take a new stance on currency policy, according to an American official.

Though China said its action was based on the interests of its own economy, it has been under rising pressure from the United States, the European Union, Brazil and India. Mr. Obama had held repeated conversations with President Hu Jintao over the last year or so, the most recent of which was two weeks ago, and Mr. Geithner traveled to China for meetings last month.

China has handled currency policy gingerly, fearing that its people might see appreciation as a step taken in response to foreign pressure that might not be in the national interest.

For Mr. Obama, China's currency has been a particularly sticky problem. He also has been leaning on Beijing to help contain the nuclear programs of Iran and North Korea, to act as one of the main engines for the world economy, and to moderate its efforts to gain exclusive access to raw materials around the world needed to fuel China's huge growth.

But Mr. Obama's leverage has been minimal, and in the end it may have been the threat of a Congressional bill's protectionist actions against Chinese products that convinced Beijing that it had to begin to free its currency.

That threat had been gaining ground in Congress among lawmakers convinced that China was keeping its currency value artificially low to the detriment of the American economy.

''China's currency practice has cost American jobs and hurt American ranchers, farmers and small businesses,'' Max Baucus, Democrat of Montana and the chairman of the Senate Finance Committee, said in a statement Saturday. ''Today's announcement is a welcome first step to help keep American businesses competitive and create more American jobs.''

Senator Charles E. Schumer, Democrat of New York, however, cautioned that unless China gave further detail to its plan, ''we will have no choice but to move forward with our legislation.''

If the renminbi were to rise significantly, goods from the United States and other countries could eventually start displacing Chinese exports. That could help fuel economic growth in many of China's trading partners, while braking growth in China, which has been expanding so fast that inflation is now accelerating.

Rising wages after recent labor unrest, combined with a stronger currency, may also make China a more attractive consumer market for international companies. But this could help Europe more than America, whose exports to China have been weak and concentrated in a few categories like aircraft, turbines and soybeans, while European companies have been more successful in selling high-end consumer goods there.

For China, a stronger renminbi will increase the buying power of its consumers and could make gasoline and other imported commodities seem less expensive. Faced with spreading labor unrest, particularly in the auto industry, the government has started to make an energetic effort to improve the standard of living of industrial workers.

But many economists inside and outside China have argued that currency appreciation is in China's interest most of all. The country has been spending nearly one-tenth of its annual economic output to buy Treasury notes and bonds and other foreign securities while printing and selling renminbi, all in an effort to prevent the renminbi from rising against the dollar.

The renminbi has already risen with the dollar by 15 percent against the euro in the last two months. That has made Chinese officials nervous about the future competitiveness of Chinese sales to Europe, the biggest market for Chinese exports.

Cui Tiankai, a vice foreign minister, said on Friday that the value of the renminbi was not a subject for global discussion, the latest in a series of remarks by Chinese officials indicating strong nationalistic sensitivities about currency policy.

But people familiar with Chinese currency policy making have been saying for two months that the Chinese leadership agreed in early April to a change of direction. A devastating earthquake in western China in mid-April followed by worries about economic turmoil in Europe delayed action on the decision.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** June 20, 2010

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

48 of 100 DOCUMENTS

The New York Times

June 18, 2010 Friday

Late Edition - Final

**Security Tops the Environment in China's Energy Plan**

**BYLINE:** By KEITH BRADSHER

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1332 words

BEIJING -- When President Obama called this week for a ''national mission'' to expand the use of clean energy and increase American energy independence, Chinese officials might have nodded knowingly.

The government here is already far along in drafting energy legislation with similar goals for China, according to Chinese officials and executives.

Like the energy future that Mr. Obama briefly described in his Oval Office address on Tuesday, the Chinese proposal calls for more reliance on renewable energy and greater emphasis on energy conservation, two drafters of the legislation said.

But because this is China, there are big differences, too. In contrast to the Obama vision, the plan here preserves a central role for coal -- the dirtiest fossil fuel in terms of emissions of greenhouse gases, but a resource that China has in abundance.

And while Mr. Obama voiced goals of addressing climate change and improving national security at the same time, the discussions in China have been focused almost entirely on security issues, people inside and outside the government said.

In other words, as China counts on more years of global leadership in economic growth, global warming remains a secondary concern. Secure sources of energy to fuel that growth are what matter most, whatever the implications for world energy markets and the global environment -- not to mention foreign investors, who may or may not have a significant role to play in China's energy industry under the draft law.

The proposed law, which is expected to be adopted by early next year, says that ''energy supply should be where you can plant your foot on it,'' meaning that as much as possible should come from within China, said Li Junfeng, a senior energy policy maker and member of the interagency committee drafting the law.

That belief has underpinned China's rapid expansion in renewable energy, because it tends to be made in China, Mr. Li said. China has just emerged as the world's largest manufacturer of wind turbines and solar panels, and plans to be the world's biggest builder of nuclear power plants in the coming decade. It invested nearly twice as much as the United States last year in renewable energy.

But energy security also explains the continued reliance on coal, for which China has the world's third-largest reserves, after the United States and Russia. Burning coal, which produces four-fifths of China's electricity, has already turned China into the world's largest emitter of greenhouse gases by an ever-widening margin each year since 2006.

Air pollution problems like acid rain have come up during the drafting process, but global warming has not figured prominently. China's top global warming negotiator, Xie Zhenhua, is not even on the 21-member commission that China created in January to set energy policy.

''There is a stronger sense of energy security than climate change,'' said Zou Ji, an international climate negotiator for China until his retirement last August; he is now the China country director for the World Resources Institute, an international environmental group.

The American commerce secretary, Gary Locke, said that the Obama administration also wanted to foster energy security by looking for ways to produce more clean energy in the United States, and was not just focusing on environmental issues.

''Certainly energy independence is a high priority of President Obama, and energy independence does equal energy security,'' Mr. Locke said in an interview.

But China's soaring energy demand seems to give it a greater sense of urgency on the security front.

An oil exporter as recently as the early 1990s, China passed the United States last year as the biggest customer for Saudi oil and gas exports. Within as few as five years, it will be importing a higher percentage of its oil than the United States.

That is of great concern to the Chinese government, where officials worry about the security of energy supplies from abroad. And it is why China's military and its main security and intelligence agency are playing an increasingly visible role in energy policy making.

The deputy chairman of the joint chiefs of staff of the People's Liberation Army is on the new, 21-member National Energy Commission, as is the minister of state security.

The bulk of China's imported oil comes through the Strait of Malacca, between Singapore and Malaysia on one side and Indonesia on the other. China is concerned that the strait is ''an area of American influence,'' said the president of a state-owned energy company who helped on early drafts of the energy law before taking his current job. He insisted on anonymity because he was not authorized to discuss the draft.

China has been drafting its energy law for more than three years. The government started by setting up committees to study 978 separate topics including oil, coal, wind, biomass and solar power, the company president said.

Mr. Li said that the draft law should be ready for the National People's Congress to approve this winter, either when the 175-member standing committee of the congress meets in December or when the full, nearly 3,000-member congress convenes in early March.

Approval by the congress is a legal formality, with all important decisions worked out in advance by ministers and their aides.

While oil demand has risen inexorably in China, domestic production has barely increased. Chinese companies have struggled to acquire oil fields elsewhere. Shut out of the most attractive operations, which are already controlled by exporting countries or Western multinationals, Chinese companies have ventured into some of the world's most volatile countries, notably Sudan and now to some extent Iraq and Iran.

One of the last issues still unresolved in the energy legislation involves the extent to which China should continue investing in such oil fields or rely on buying oil in world markets. Mr. Li says he personally believes that China's energy security does not improve when state-controlled oil companies buy oil fields in potentially unstable countries.

''A lot of companies say, 'I develop oil for China,' '' but are really out to make a profit for themselves, he said,

Somali pirates have begun preying on tankers and freighters bound for China from the Mideast. That poses a challenge for China's navy, which is mostly designed for coastal defense.

It also helps explain why China has been looking for ways to import more of its oil through pipelines instead of by sea, said Edward Cunningham, a China energy specialist at Harvard.

Three issues are unresolved because they can be worked out only at the ministerial level, said Mr. Li, a deputy director general for energy research at the powerful National Development and Reform Commission.

One is how much foreign investment should be allowed in China's energy industries. Foreign companies are now mostly limited to joint ventures in refining and retailing, and are barred from the ownership or production of most mineral resources.

A second issue is how much competition should be introduced into the energy industries. The domestic oil industry in particular is almost entirely run by two state-controlled companies, Sinopec and PetroChina; both are descendants of the China National Petroleum Corporation.

Finally, policy makers are still considering how best to provide clean, cost-effective energy in rural China. Incomes tend to be much lower in farming areas than in cities, and this has made the government wary of raising taxes sharply on gasoline and diesel, even though steep fuel taxes might limit consumption.

Mr. Li said on Thursday that while China might be further along than the United States in drafting energy legislation, and might have a large and growing sector for the manufacture of renewable energy, it still needed American technology to improve its equipment.

''We need international cooperation,'' he said. ''America should be the leader.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** June 18, 2010

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTOS: Panels at a solar farm in Shilin in southwest China. China is the world's largest manufacturer of solar panels. (B1)

Turbines of the Donghai Bridge Offshore Wind Farm in Shanghai. China invested almost twice as much in renewable energy last year as the United States. (PHOTOGRAPHS BY COLOR CHINA PHOTO, VIA ASSOCIATED PRESS) (B6) CHART: Worried About Oil Dependence: China, which once was a net exporter of oil, is concerned about its growing dependence on imported oil, which is projected to pass that of the United States soon. (Source: Wood Mackenzie Energy Markets Service) (B6)

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

49 of 100 DOCUMENTS

The New York Times

June 17, 2010 Thursday

Late Edition - Final

**Trade Tensions With China Put Shadow on G-20 Meeting**

**BYLINE:** By SEWELL CHAN

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 4

**LENGTH:** 1077 words

WASHINGTON -- Anger toward China's currency, trade and industrial policies has been steadily mounting in Congress, adding pressure on President Obama to take a tough stance with his Chinese counterparts at the Group of 20 leaders' meeting next week in Toronto.

On Wednesday, the House Ways and Means Committee heard from business leaders alarmed about an initiative under which Chinese government agencies would procure high-tech products -- including telecommunications, software and energy-saving equipment -- only from companies that use technologies developed in China.

Last week, several software executives, including Microsoft's chief executive, Steven A. Ballmer, visited Washington to complain about technological piracy by Chinese companies. And on Tuesday and Wednesday, the United States International Trade Commission, a federal agency that investigates trade matters, held hearings on enforcement of patents and other forms of intellectual property rights in China.

The mounting tensions could spill over into new retaliatory import duties or other trade barriers, at a time when the United States has several unresolved cases against China before the World Trade Organization, which China joined in 2001. They also reflect growing skepticism about the feasibility of the Obama administration's stated goal of doubling American exports in five years.

Still unresolved is the issue of China's currency, the renminbi, whose value has been kept artificially low to stimulate exports. To give negotiations more time, the Obama administration deliberately missed an April deadline to produce a report that could have found China to be a currency manipulator, a determination that might lead to retaliatory measures.

Since then, China has not raised the value of the renminbi, despite a visit to Beijing last month by the Treasury secretary, Timothy F. Geithner, who has tried to convince Chinese officials that doing so would help to correct imbalances in their economy.

''The administration constructively set the G-20 meeting as an important juncture for China to change its inflexible currency practices,'' Representative Sander M. Levin, the Michigan Democrat who leads the Ways and Means Committee, said Wednesday. ''If China does not act and the administration does not respond promptly thereafter, the Congress will act.''

Republicans were in agreement with Democrats on the issue. The top Republican on the committee, Representative Dave Camp of Michigan, said that China was ''aggressively engaged in a series of troubling and downright protectionist policies'' that could ''spur a breakdown in our relationship.''

But American policy makers have limited options, a point made by Charles W. Freeman III, a China scholar at the Center for Strategic and International Studies, who testified at the hearing.

Chinese officials are less inclined to listen to Western arguments given the economic crises that have buffeted the United States and Europe, Mr. Freeman said. Within the Chinese government, he added, market-oriented reformers have recently lost ground to officials who favor industrial planning and promotion of state-owned enterprises.

Christian Murck, president of the American Chamber of Commerce in China, which represents 1,200 companies doing business there, said that because China navigated the recession ''by reliance on traditional administrative measures rather than market forces,'' those who favor state direction of the economy are ''full of confidence.''

John Frisbie, the president of the U.S.-China Business Council, a trade association based in Washington, said he supported legally sound remedies, like petitioning the Commerce Department to apply antidumping and countervailing duties on products unfairly subsidized by China, and bringing disputes to the W.T.O. But he cautioned against applying punitive duties in retaliation for China's currency policies, saying such a step would violate W.T.O. rules.

In November, China proposed regulations that would give certain products favored status when government agencies procure equipment. Foreign companies would be effectively denied access to the market for government purchases if the technology did not originate in China, even if the product was made in China, according to Alan W. Wolff, a lawyer at Dewey & LeBoeuf.

At the meeting Mr. Geithner attended, China declined to rescind the so-called indigenous innovation policy, but agreed to give American officials and business executives more time to comment on how China could promote domestic technology without discriminating against foreign companies.

That has done little to mollify the American software industry.

Robert W. Holleyman II, president of the Business Software Alliance, the trade group that organized the software executives' recent visit, said the proposed policy, along with rampant theft of technology, ''seriously undermine'' the economic relationship of the two countries.

Dean Garfield, president of the Information Technology Industry Council, another business association, said that China had set up country-specific technology standards and imposed burdensome and redundant product testing requirements.

Representatives of manufacturing industries were even more critical of China.

Thomas J. Gibson, president of the American Iron and Steel Institute, said China had subsidized factories, placed limits on imports and foreign investment, restricted exports of raw materials and manipulated its value-added tax to aid steel makers. Such market-distorting interventions, he said, represent ''a direct and ongoing threat'' to American economic interests.

Leo W. Gerard, the president of the United Steelworkers, the country's largest industrial union, cited a March report by the Economic Policy Institute, which found that the growing trade deficit with China eliminated or displaced 2.4 million jobs in the United States from 2001 to 2008.

''China is systematically supporting traditionally labor-intensive industries to gain global market share and to ensure its population is working,'' he said. ''Simply stated, it is exporting its unemployment here at a huge cost to American workers and manufacturing.''

Treasury officials said that Mr. Geithner testified last week that China's exchange rate policy ''is both unfair and hurts the interests of American producers.'' The Chinese Embassy did not respond to a request for comment.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** June 17, 2010

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: Representative Sander Levin said that China must change its ''inflexible currency practices.'' (PHOTOGRAPH BY BENJAMIN J. MYERS/ REUTERS)

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

50 of 100 DOCUMENTS

The New York Times

June 11, 2010 Friday

Late Edition - Final

**Senators Losing Patience With U.S. Policy on China**

**BYLINE:** By SEWELL CHAN

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 3

**LENGTH:** 930 words

WASHINGTON -- Leading senators frustrated by a lack of progress by the Obama administration signaled on Thursday that they were willing to consider retaliatory measures to address China's policies on trade, currency and intellectual property.

At a Senate Finance Committee hearing, the members suggested that President Obama's strategy of quiet diplomacy was producing limited results.

In testimony to the panel, Treasury Secretary Timothy F. Geithner could point to only a few accomplishments from the annual bilateral talks he attended in Beijing last month with Secretary of State Hillary Rodham Clinton.

As both economies struggle to recover from the recession, longstanding complaints have gotten louder that China gives unfair support to its export-oriented manufacturers, fails to abide by World Trade Organization agreements, permits the theft of American intellectual property and protects its domestic industries from competition from abroad.

Mr. Geithner said ''we want China to provide a level playing field'' and vowed, as he and his predecessors had done before, ''to engage forcefully with China.''

He said China had published a draft measure to change ''some of the troubling aspects'' of a new system China used to accredit products as eligible for government procurement contracts. Mr. Geithner also said China had agreed to ''a high-level process over the coming weeks and months'' to discuss its innovation policies.

China also agreed to submit by July a revised proposal for joining a W.T.O. agreement on government procurement, and to ease foreign investment in some areas. Mr. Geithner said the administration would ''apply the full arsenal of tools available'' to ensure that China met its trading obligations.

But lawmakers did not appear impressed.

''We do not have a strategic, coordinated United States economic policy, that I can determine, with respect to China,'' Senator Max Baucus, Democrat of Montana and the chairman of the committee, told him.

Mr. Baucus said he was particularly concerned about failure to enforce intellectual property rules. With the goal of promoting ''indigenous innovation,'' China has set product standards and procurement preferences that are a disadvantage to American workers, companies and technology, many economists believe. Mr. Geithner said some progress on those areas had come out of the bilateral talks, known officially as the United States-China Strategic and Economic Dialogue.

When Mr. Baucus said the United States was oriented toward process, while China was focused on results, Mr. Geithner replied, ''China's not going to become like the United States overnight.''

He added: ''China still has a government that plays an overwhelming role in determining economic activity. As you said, there is still a broad range of practices that China pursues today that is designed to protect China's workers and firms at the expense of China's trading partners.''

The top Republican on the committee, Senator Charles E. Grassley of Iowa, criticized the administration's decision to delay the release of a foreign exchange report in which the United States could find that China had manipulated its currency, the renminbi, keeping its value artificially low to stimulate exports.

The Treasury has not made such a finding since 1994, and successive administrations have avoided doing so, preferring instead to try to persuade China to let the renminbi's value fluctuate.

''Is the Chinese government going to make a significant adjustment to its exchange rate, just because our Treasury Department held off on issuing this report?'' Mr. Grassley asked. ''I doubt it.''

He also suggested that the time had come for the United States to consider retaliation in some areas of trade. ''If one of the major beneficiaries of the world trading system engages in a pattern of refusing to play by the same rules as everyone else, then we should reconsider the rules that we apply to that country,'' he said.

Mr. Geithner pointed to new suggestions of willingness by China to allow appreciation of the renminbi, as it did from 2005 to 2008. ''China has made it clear in public that they have decided to resume the reform -- that's the phrase they use -- to resume the reform of their exchange-rate policy,'' Mr. Geithner told Mr. Grassley, but added, ''As you know, they clearly have not decided when and how they're going to act.''

Senator Ron Wyden, Democrat of Oregon, asked Mr. Geithner when he would ''stop slow-dancing'' and take stronger action. ''Our constituents are getting angrier and angrier, and that is what, of course, is fueling this protectionist drive in this country,'' he said.

And Senator Charles E. Schumer, Democrat of New York, said that ''if the current state of our China currency negotiations had a theme song,'' it would be Maxine Nightingale's rhythm-and-blues hit, ''Right Back Where We Started From.''

Mr. Schumer vowed to press ahead with bipartisan legislation that would remove one of the stumbling blocks to a manipulation determination -- a finding of intent. The bill would compel the United States to take action against a country whose currency was in ''misalignment.''

Senator Olympia J. Snowe, a Maine Republican who has been on occasion a crucial swing vote, told Mr. Geithner that he had offered little more than ''soothing words.''

''The test of these things is not what people say and it's not how many meetings you have,'' Mr. Geithner told her. ''The test is what actually happens to the terms and conditions that U.S. companies compete on.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** June 16, 2010

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: In testimony before senators on Thursday, Treasury Secretary Timothy F. Geithner vowed ''to engage forcefully with China.'' (PHOTOGRAPH BY LUKE SHARRETT/THE NEW YORK TIMES)

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

51 of 100 DOCUMENTS

The New York Times

June 1, 2010 Tuesday

Late Edition - Final

**Honda Plans To Raise Pay At a Factory In China**

**BYLINE:** By BLOOMBERG NEWS

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 5

**LENGTH:** 582 words

Honda Motor's car production in China will remain halted at least until Tuesday as some striking workers at a parts plant in the country rejected a proposed pay increase.

Fewer than 100 of the parts factory's 1,900 workers rejected the carmaker's offer of a 24 percent pay increase to 1,910 renminbi ($280) a month, said Takayuki Fujii, a Beijing-based spokesman for Honda. The employees had demanded 2,000 renminbi to 2,500 renminbi a month.

The local government and the government-affiliated union are in negotiations with the workers, Mr. Fujii said.

Honda, Japan's second-largest automaker after Toyota, is still negotiating with employees and a return to full production will depend on those talks, said Akemi Ando, a spokeswoman for the company, based in Tokyo.

Honda may be losing production of as many as 3,000 vehicles a day in China since its four car-assembly factories in China, the world's biggest automobile market, shut last week, according to analyst estimates.

''My guess is that it will take less than a week to get production back at full capacity once the strike is resolved,'' said Tianshu Xin, managing director at IHS Global Insight in Shanghai. Honda will most likely add shifts to make up the lost production, he said.

Honda shut down China production last week after workers at the parts unit walked out, demanding a pay raise.

The automaker shut two plants in Guangzhou, Guangdong Province, on May 24 and factories in Guangzhou and Wuhan, Hubei Province, on May 26 after 1,850 workers making transmissions and engine parts at Honda Auto Parts Manufacturing, in Foshan, went on strike May 17.

Honda produces about 3,000 vehicles a day in China, according to Koji Endo, a Tokyo-based analyst at Advanced Research Japan. The affected factories are joint ventures between Honda and its Chinese partners. They make models that include the Accord sedan and Civic compact and have combined annual capacity of 650,000 units.

China accounted for 17 percent of Honda's global sales last year, and the brand ranked fifth in China by unit sales in April, according to J. D. Power & Associates.

Honda may increase China sales 9 percent to 630,000 vehicles this year, Takanobu Ito, its chief executive, said last month.

The parts factory, a wholly owned Honda subsidiary, started production in 2007 and makes transmissions for the Accord, City Odyssey and Fit models, according to the company.

Honda plans to raise production capacity in China by 28 percent to 830,000 vehicles a year by the second half of 2012 and introduce two new models as car demand grows in the country, Mr. Ito said in Guangzhou on May 25.

Auto sales in China may rise 17 percent to 16 million this year and annual demand may climb to more than 30 million, according to an official at the State Information Center.

The strike is a sign that automakers can expect rising labor costs in China, according to Yasuhiro Matsumoto, an analyst at Shinsei Securities in Tokyo.

Trade unions and employers appear to be reporting a growing number of work stoppages in China, although there are no official numbers, according to the International Labor Organization in Beijing.

Other companies operating in China have also faced discontent from workers.

Foxconn, a big electronics maker owned by Hon Hai Precision Industry Company in Taiwan, has been under scrutiny after a wave of suicides among its workers. The company is a major supplier to global brands like Apple, Dell and Hewlett-Packard.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** June 1, 2010

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

52 of 100 DOCUMENTS

The New York Times

May 24, 2010 Monday

Correction Appended

Late Edition - Final

**For North Korea Policy, China Prefers the Fence**

**BYLINE:** By SHARON LaFRANIERE; Jonathan Ansfield contributed reporting, and Jing Zhang contributed research.

**SECTION:** Section A; Column 0; Foreign Desk; NEWS ANALYSIS; Pg. 6

**LENGTH:** 1326 words

BEIJING -- In the best of times, Chinese foreign affairs scholars here say, Beijing grits its teeth while playing best friend to Kim Jong-il, North Korea's ailing and erratic 68-year-old leader. South Korea's charge last week that North Korea sank one of its warships, killing 46 crewmen, makes that role exponentially harder.

With Secretary of State Hillary Rodham Clinton and about 200 other American officials here for high-level security and economic talks, Chinese leaders face two unpalatable options. One is to mollify North Korea, and risk undermining its efforts to convince the United States, South Korea and Japan that China is a stabilizing force in East Asia.

The other is to join those nations and the United Nations Security Council in condemning North Korea for the attack, which North Korea denies, and risk a wholly unpredictable response from a volatile neighbor.

So far, China has sought to straddle the two, saying only that both Koreas should show restraint in the midst of a brewing crisis. But Mrs. Clinton, who has publicly cited ''overwhelming'' evidence that North Korea torpedoed the South Korean corvette, the Cheonan, is pressing Chinese officials to take an unequivocal stance. South Korea, which China has assiduously courted as a major trading partner and diplomatic friend, is making the same case.

The sinking and its aftermath have reignited much the same debate that took place last year, after North Korea test-fired a long-range missile in April and conducted an underground nuclear test less than two months later. After balking at first, China eventually agreed to a unanimous Security Council resolution condemning the nuclear test and tightening existing sanctions.

The United States, Japan and South Korea are uniting behind a similarly strong response this time. South Korea is expected to ask the Security Council on Monday to condemn the sinking of the 1,200-ton warship, which it says caused one of the largest losses of military personnel since the end of the Korean War. Mrs. Clinton is pushing Beijing to back the effort.

''The North Koreans will be more easily dissuaded from further attacks like this if they don't get cover from China, '' said Michael J. Green, an Asia specialist with the Center for International Studies in Washington. ''So it's absolutely critical to Korea and the United States that China send that signal.''

But in discussions that began Sunday, China was resisting, and it has been skeptical of the claim that the North was responsible for sinking the ship. Scholars say such misgivings are typical when China is asked to side against North Korea.

''There's not much more that can be done to sanction North Korea,'' said Shen Jiru, a strategic studies expert at the Chinese Academy of Social Sciences in Beijing. ''China basically feels that sanctions or other tough measures only serve to escalate conflict with North Korea, and others tend to agree.''

Still, a small but influential group of Chinese scholars insist that accommodating North Korea has not worked, and China needs to take a new and tougher tack.

''The Chinese government so far has done too much to protect North Korea,'' said Chu Shulong, a professor of international relations at Tsinghua University in Beijing. ''Why should we protect them? Why should we treat them so specially? I think China needs to change its approach.''

Wei Zhijiang, a visiting Chinese scholar at the University of Tokyo who specializes in North Korea, said that if China decides not to support a Security Council resolution, it should push for some other punishment. ''Certainly North Korea must pay the price somehow,'' he said. ''Maybe apologize, pay compensation and promise this will not happen again.''

China's reluctance to censure the North is not rooted in affection for its policies. In private discussions, one American analyst said Sunday, Chinese officials express frustration with North Korea's growing belligerence. But like their Washington counterparts, they say, they have no good option to deal with it.

Officials here worry that more pressure on North Korea will prove counterproductive, and some recent history backs them: after China joined other nations last year in protesting the missile launch, Mr. Kim reacted by pulling out of the six-nation talks, chaired by China, aimed at ending North Korea's nuclear weapons program. This time, the North Korean government has threatened ''all-out war'' if it is punished for the Cheonan sinking.

''China remembers this lesson,'' said Shi Yinhong, a professor of international relations at Renmin University in Beijing. ''I think this time our leaders are a little bit afraid of Kim Jong-il.''

China's other worry is strategic: if relations with the North sour because its leaders fear China is aligning with the West against it, China could face an unstable and now nuclear-armed adversary on its border. And if international pressure leads to the collapse of the North's government and eventually a unified, democratic Korea allied with the United States, China's power in the region would be weakened.

A collapse could also unleash a flood of refugees across the Chinese border, a phenomenon China experienced in the mid-1990s when tens of thousands of North Koreans, if not more, fled widespread famine in their homeland.

So Beijing has tried to support North Korea while gently edging it toward economic reform and nuclear disarmament. To keep the North's government afloat, China provides food, fuel and, by some estimates, 90 percent of North Korea's industrial goods.

It also continues to invest there, positioning itself, some analysts say, for a post-Kim Jong-il period. In recent years, China has bought rights to several North Korean coal and mineral mines.

In February, China and North Korea announced a deal to build a four-lane bridge across the Yalu River that marks the border. North Korea also recently agreed to lease its Rajin Port, giving inland northeast China long-sought access to the Sea of Japan.

Yet despite North Korea's growing dependence on China, officials in Beijing complain that they have very little leverage over Mr. Kim's behavior. Mr. Wei, the China scholar at Tokyo University, said China considered it a victory when Mr. Kim agreed this month in Beijing to more communication and cooperation with China on regional and international issues.

The past few weeks have shown just how awkward it can be for China to walk the line between courting the South and propping up the North. On April 27, as his nation's forensic investigation drew to a close, President Lee Myung-bak of South Korea flew to Shanghai to try to persuade President Hu Jintao of China that North Korea had sunk the Cheonan and should be rebuked.

The following week, President Hu hosted the reclusive Mr. Kim in Beijing. Some Chinese scholars said the visit, Mr. Kim's first to China in four years, showed their government's desire to keep trying to push the North in the right direction.

But South Koreans saw it as a slap in the face to their president -- who one analyst said had asked President Hu to postpone or cancel the visit -- and a reassuring nod to North Korea at precisely the wrong time.

This weekend, perhaps as a conciliatory gesture, China announced that Prime Minister Wen Jiabao would travel to Seoul, the South Korean capital, at the end of the month.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** May 25, 2010

**LANGUAGE:** ENGLISH

**CORRECTION-DATE:** May 25, 2010, Tuesday

**CORRECTION:** This article has been revised to reflect the following correction: Because of an editing error, a picture caption in some editions on Monday with a news analysis article about an increased pressure on China to take sides in the Korea conflict while Secretary of State Hillary Rodham Clinton was visiting Beijing misidentified the Chinese official shown shaking hands with Mrs. Clinton. He is Wang Qishan, the vice premier -- not Dai Bingguo, state councilor for foreign affairs. (Mr. Dai is shown at Mr. Wang's left.)

**GRAPHIC:** PHOTO: Dai Bingguo, China's state councilor for foreign affairs, greeted Secretary of State Hillary Rodham Clinton Monday in Beijing. (POOL PHOTO BY SAUL LOEB)

**DOCUMENT-TYPE:** News Analysis

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

53 of 100 DOCUMENTS

The New York Times

March 24, 2010 Wednesday

Late Edition - Final

**Google and China**

**SECTION:** Section A; Column 0; Editorial Desk; EDITORIAL; Pg. 26

**LENGTH:** 487 words

Google's decision to stop censoring its search service in China on Monday was a principled and brave move, a belated acknowledgment that Internet companies cannot enable a government's censorship without becoming a de facto accomplice to repression.

We hope that other American companies with operations in China, notably Microsoft and Yahoo, will consider emulating Google's decision.

Yahoo said it supported Google. But soon after Google announced its plan to stop censoring its searches in China in January, Bill Gates of Microsoft told ABC News: ''You've got to decide: Do you want to obey the laws of the countries you are in, or not? If not, you may not end up doing business there.'' Microsoft's Bing search engine is still censoring results in China.

We have no illusions that the Chinese Communist Party will suddenly decide to allow its citizens unfettered access to the Internet through Google's Hong Kong service, where it was redirecting China-based searchers. Beijing is already reportedly disabling searches and blocking search results on Google's site.

But that is much better than self-censorship, which put Google in the troubling business of stripping out results from searches about politically touchy subjects like China's occupation of Tibet and the massacre on Tiananmen Square by the Chinese Army.

When Google took its search engine into China four years ago, it came under attack from human rights groups. Google countered that it was better for the Chinese to have a censored Google than no Google at all.

It took four years for Google to acknowledge the flaws in that reasoning, and it did so only after it discovered an attack on its servers by hackers in China that stole proprietary computer code as well as data about Gmail accounts of human rights activists.

Google can afford allowing google.cn to be taken off-line. Analysts say it accounts for 1 percent to 2 percent of Google's revenue. Like other foreign Internet companies, Google has had trouble growing in China. Its YouTube service, like Facebook and Twitter, is blocked, and it has about only a third of China's search market, around half the share of the local rival Baidu.

Still, the move to challenge the Chinese Communist Party may not come without a cost. China Mobile, the biggest cellular company in the country, was expected to cancel a deal to use Google's search engine on its home page. China Unicom was thought to have canceled plans to create a telephone based on Google's Android system. Other measures are likely to come.

Google's departure may have more resonance outside China than within. We don't know how many of China's many millions of Internet users will be able to read about this public indictment of China's use of censorship. But that is preferable to helping maintain the fiction that the Internet in China is the same sort of vehicle for open communication that it is most everywhere else.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** March 24, 2010

**LANGUAGE:** ENGLISH

**DOCUMENT-TYPE:** Editorial

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

54 of 100 DOCUMENTS

The New York Times

February 20, 2010 Saturday

Late Edition - Final

**Differences In Priorities Drive Rift With China**

**BYLINE:** By EDWARD WONG

**SECTION:** Section A; Column 0; Foreign Desk; NEWS ANALYSIS; Pg. 4

**LENGTH:** 1068 words

**DATELINE:** BEIJING

When President Obamamet with the Dalai Lama in the White House on Thursday, he was following a tradition that all recent American presidents had dutifully honored.

Yet, to some Chinese Mr. Obama's support of the Dalai Lama represents something more troubling and disrespectful. The meeting, while low-profile, and the routine announcement last month of American arms sales to Taiwan, were taken as the latest signs that despite China's rapid ascent, the American government still refused to compromise on issues that China considered sacrosanct: matters of sovereignty and territorial integrity.

On Friday, the Chinese Foreign Ministry called in Jon M. Huntsman Jr., the American ambassador here, to lecture him on the Dalai Lama, the exiled spiritual leader of the Tibetans, whom China considers a separatist.

''At this time, China and the U.S. cannot find any agreement on strategic issues,'' said Yan Xuetong, director of the Institute of International Studies at Tsinghua University.

Few American officials would disagree. The rift in United States-China relations has arisen in part because the two countries have completely different items at the top of their foreign policy agendas and are talking past each other, American officials say.

They say that China emphasizes sovereignty issues while refusing to give any weight to the Obama administration's two top priorities in the relationship: containing Iran's nuclear ambitions and rebalancing currencies and trade. The Americans have also highlighted issues of Internet censorship and security.

''There's not a lot of overlap in the Venn diagram,'' an American official involved in China policy said on the condition of anonymity, following diplomatic protocol. ''What's really the most worrisome is the degree to which we have that disconnect.''

Those tensions are likely to worsen in coming months as domestic pressures in each country push the governments to assert their agendas more boldly, and as China's confidence in its economic system continues to grow.

On the American side, a struggling economy is forcing the Obama administration to make currency valuation and market liberalization top priorities. With an unemployment rate of nearly 10 percent and midterm elections coming up, American officials are aware that pushing China to raise the value of its currency, the renminbi, and allowing American companies greater access to some Chinese markets could be important political victories for Mr. Obama and his party.

''We've got to look at the risk of a more populist American public and the U.S. Congress deciding that China is the reason our economy isn't growing enough,'' the American official said.

Economists say the renminbi is undervalued by 25 to 40 percent, a wider gap than at any other time since 2005, when, under pressure from the Bush administration, China decided to allow the renminbi to float in a narrow band against the dollar and other currencies. The renminbi appreciated 21 percent, but has not moved at all since July 2008. This month, Ma Zhaoxu, a Foreign Ministry spokesman, rejected an unusually public call by Mr. Obama for China to revalue its currency, saying that ''the value of the renminbi is getting to a reasonable and balanced level.''

The problem for the Americans is that job creation is also a priority for the Chinese government, because the legitimacy of the Communist Party is based largely on economic growth. A year ago, when the global recession resulted in a severe slump in exports, Chinese officials said 20 million migrant workers lost their jobs. The export industry in China is only now starting to recover, and the low value of the renminbi is crucial for Chinese companies selling goods abroad.

''With economic and trade issues, we're in for a very difficult year,'' said Kenneth G. Lieberthal, a scholar at the Brookings Institution who worked on China policy in the Clinton administration. ''I see Chinese protectionism growing on the ground as well as on the U.S. side, with midterm elections coming up.''

But some economists say China is likely to let the renminbi rise by about 5 percent to help stave off inflation, a growing concern among Chinese policy makers. Historically, high inflation has stirred unrest in China.

Economists say the Obama administration and European allies can press China to revalue the renminbi by threatening to impose more tariffs on manufactured goods. Last fall, the American government imposed tariffs on Chinese tires and steel pipes. European officials have privately said that China's increasingly unyielding stance on issues like human rights has made it politically easy for European governments to toughen up on tariffs.

Michael Pettis, a professor of finance at Peking University, said he expected the Chinese government to raise the value of the renminbi by a few percent by the spring. But raising the value too quickly could lead to widespread bankruptcies among manufacturers here, he said.

''China must recognize the pressures on the other countries, but the other countries need to recognize that China will not be able to adjust quickly,'' he said.

Iran's nuclear programis the other top priority for the White House. China says it does not support economic sanctions against Tehran, despite widespread suspicions that Iran wants to create nuclear weapons. So the question for the Obama administration is how to ensure that China will not block a United Nations Security Council vote on sanctions. Iran is a major supplier of oil to China, and China balks at siding with Western nations against Muslim governments, partly because its officials are sensitive to ethnic unrest by Uighur Muslims in western China.

''China just doesn't see Iran as part of its core national interest, except for that fact that Iran collects a lot of natural resources for them,'' the American official involved in China policy said.

But Russia, which had previously opposed sanctions, has been showing signs of reaching the limits of its tolerance with Iran, and the White House hopes that China will give in if Russia supports sanctions. Despite China's newfound confidence, the American official said, China still does not want to be seen as a lone spoiler on major global issues.

''Eventually,'' he said, ''the Chinese will cave once they've gone as far as they can go without looking like they're the ones blocking all this.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** February 20, 2010

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: The Dalai Lama's visit to the White House on Thursday angered China on a territorial issue that it considers sacrosanct. (PHOTOGRAPH BY MICHAEL REYNOLDS/EUROPEAN PRESSPHOTO AGENCY) (A7)

**DOCUMENT-TYPE:** An Analysis

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

55 of 100 DOCUMENTS

The New York Times

February 5, 2010 Friday

Late Edition - Final

**Vietnam Enlists Allies To Stave Off China's Reach**

**BYLINE:** By EDWARD WONG; Xiyun Yang contributed research.

**SECTION:** Section A; Column 0; Foreign Desk; MEMO FROM HANOI; Pg. 11

**LENGTH:** 1088 words

**DATELINE:** HANOI, Vietnam

The archipelago called the Paracel Islands lies in the South China Sea 250 miles off the east coast of Vietnam, a series of rocks and reefs and spits of land that, to the undiscerning eye, appear as valuable as broken coral washed up on a beach.

But that archipelago and the nearby Spratly Islands are rich in oil and natural gas deposits, and so they are coveted by the nations that form a wide arc around the South China Sea. China, Taiwan and Vietnam have competing claims in the Paracels, while all three and the Philippines, Malaysia and Brunei have claims on the Spratlys or the waters surrounding them.

The most vociferous are Vietnam and its traditional rival, China. Indeed, no issue between them is more emotional or more intractable.

Tensions crept up another notch last month, after China announced plans to develop tourism in the Paracels, which the Chinese military has controlled since 1974. It was an inauspicious start to what the two governments had officially labeled their ''Year of Friendship.''

The Vietnamese Foreign Ministry loudly denounced China's move, as it usually does in these situations. But quietly, Vietnam has been doing more than just complaining; it has laid the groundwork for another strategy to pry the islands from China's grasp.

Vietnam is pushing hard behind the scenes to bring more foreign players into negotiations so that China will have to bargain in a multilateral setting with all Southeast Asian nations that have territorial claims in the South China Sea. This goes against China's preference, which is to negotiate one on one with each country.

In other words, Vietnam wants all parties at the same table to stave off China, the behemoth. This strategy of ''internationalizing'' the issue is one that smaller Asian countries like Vietnam may adopt more often as they wrangle with the Chinese juggernaut on many fronts. The thinking is: As China's political power in the world expands, smaller nations will gain leverage over China only if they force it to negotiate in multilateral forums.

Vietnamese officials ''are internationalizing the issue, and they're doing it in a quiet way, not in a direct way,'' said Carlyle A. Thayer, a scholar of Southeast Asia and maritime security at the Australian Defense Force Academy. ''They say they want to solve it peacefully, but let the international community raise the issue.''

Analysts say a big test for this strategy will come this year, as Vietnam takes over the leadership of the Association of Southeast Asian Nations, or Asean. Vietnam is likely to use its position to try to persuade the countries to join territorial negotiations with China, analysts say. In November, Vietnam held a conference in Hanoi, its capital, where 150 scholars and officials from across Asia came to discuss disputes in the South China Sea -- an opening salvo in the new strategy, analysts say.

''The kind of thing that I took away was that developments in the South China Sea had either deteriorated or had the potential to deteriorate,'' said Mr. Thayer, who attended the workshop.

American military and intelligence officials say the South China Sea, which has some of the busiest shipping lanes in the world, is growing as a security concern because Beijing is increasingly emboldened to flex its naval muscles there. In the past two years, China has been more aggressive in asserting control over the area -- detaining Vietnamese fishermen, increasing sea patrols and warning foreign oil companies away from working with Vietnam.

The United States takes no sides in these disputes, but American officials ''remain concerned about tension between China and Vietnam, as both countries seek to tap potential oil and gas deposits that lie beneath the South China Sea,'' Scot Marciel, a deputy assistant secretary of state, said in July while testifying before Congress. Mr. Marciel added that China had shown a ''growing assertiveness'' in regard to what it deemed its maritime rights.

Tensions over such rights plague China's relations with many of its neighbors. Just last month, Japan protested Chinese plans to develop gas fields in the East China Sea.

For the Vietnamese, the South China Sea dispute is so emotional that it unites virtually all of them under an anti-China nationalist banner, even those in exile who usually abhor Vietnam's ruling Communist Party. In Houston, a South Vietnamese enclave usually hostile to the Vietnamese government, a pop band proudly calls itself Hoang Sa, the Vietnamese name for the Paracels.

In December, Vietnam asked China to return fishing boats and other equipment seized from fishermen detained by the Chinese military near the islands. One Vietnamese news organization has estimated that China detained 17 vessels and 210 fishermen last year; the fishermen have all been released.

Also in December, the Vietnamese prime minister signed an arms deal in Russia that reportedly included the purchase of six diesel-electric submarines for $2 billion, presumably to be used in the South China Sea.

Meanwhile, China has agreed to continue talks with Vietnam, but it is willing to discuss only joint development of the area, not sovereignty rights. And it refuses to negotiate with all the relevant Southeast Asian nations in any multilateral way.

''There would be too many countries involved,'' said Xu Liping, a scholar of Southeast Asia at the Chinese Academy of Social Sciences in Beijing.

Do Tien Sam, a scholar of China at the Vietnam Academy of Social Sciences, said the Vietnamese government believed the exact opposite, that the ''negotiations should involve discussions between at least five countries.''

''They all need to sit down,'' Mr. Do said.

The conference here in November was not an official site for talks but rather a workshop intended partly to explore multilateral approaches to the issue. Despite China's resistance to such approaches, several scholars from research groups in Beijing attended.

Some analysts are skeptical of whether Vietnam will get any traction with its new strategy, especially if it decides to press the issue as it presides over Asean. The association has members that have no stake in the fight, like Cambodia and Myanmar.

''Vietnam's approach faces real obstacles,'' said M. Taylor Fravel, a political scientist at the Massachusetts Institute of Technology who has written a book on China's territorial issues. ''It is hard to see how consensus can be built within Asean short of a major armed clash involving Chinese forces.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** February 5, 2010

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: Fishermen unloaded a boat in Da Nang, Vietnam. China has been detaining Vietnamese fishermen in a dispute over islands in the South China Sea. (PHOTOGRAPH BY HOANG DINH NAM/AGENCE FRANCE-PRESSE -- GETTY IMAGES)

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

56 of 100 DOCUMENTS

The New York Times

February 4, 2010 Thursday

Late Edition - Final

**Currency Dispute Likely to Further Fray U.S.-China Ties**

**BYLINE:** By MARK LANDLER

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 8

**LENGTH:** 1036 words

**DATELINE:** WASHINGTON

To the growing list of grievances between the United States and China, add one more: the Obama administration is reviving American pressure on China to stop artificially depressing its currency, a policy that fuels its persistent trade gap with the United States.

The administration has told Chinese officials that currency policy will be high on its agenda this year for economic talks with China, a senior official said on Wednesday. The White House is also weighing whether to designate China as a country that manipulates its currency, when the Treasury Department issues its semiannual report on foreign currencies in April.

President Obama signaled the tougher line on Wednesday, telling Democratic senators that the United States needed ''to make sure our goods are not artificially inflated in price and their goods are not artificially deflated in price; that puts us at a huge competitive disadvantage.''

Reopening the battle with Beijing over its currency may pay political dividends for Mr. Obama at a time of double-digit unemployment and growing fears that China is stealing American jobs. But experts say the president will have even less leverage over Beijing than President George W. Bush did. Mr. Bush prodded China for years to adjust its exchange rate with little success.

China, they say, is determined to reignite its export machine after a global recession that sapped demand for Chinese goods. A cheap currency is vital to that goal. And China's leaders have grown impatient with lectures on economic policy from their chief debtor, the United States.

''It will be like water off a duck's back,'' said Nicholas R. Lardy, a China expert at the Peterson Institute for International Economics. ''They're puzzled by the criticism. They think they should be praised for keeping their currency stable at a time of global turmoil.''

Criticizing China's policy, however, is likely to worsen a relationship already frayed by irritants on both sides.

In two weeks, Mr. Obama is expected to meet with the Dalai Lama, the Tibetan spiritual leader, over the objections of the Chinese, who condemn him as a subversive. The administration forged ahead with sales of weapons to Taiwan, drawing an angry blast from Beijing, which regards Taiwan as a breakaway province. Secretary of State Hillary Rodham Clinton criticized China for censoring the Internet, in the wake of Google's allegations about hacking.

For its part, the United States is frustrated that the Chinese will not back tougher sanctions against Iran over its nuclear program. And China has resisted American initiatives on climate change policy, turning the recent climate meeting in Copenhagen into a diplomatic drama.

The administration has struggled to prevent the ill will from any single issue from contaminating the broader relationship. ''We can't pick the timing of when an issue becomes important,'' said a senior official, who spoke on the condition of anonymity because of the delicacy of the matter.

Exchange rates are an arcane subject, harder to explain than a meeting with the Dalai Lama. But they influence easy-to-understand issues like the competitiveness of American exports and job security.

''The currency issue has the potential to become a very hot political issue,'' said Kenneth G. Lieberthal, who worked on China policy in the Clinton White House. ''We're in significant danger of hitting a very rough patch in trade relations, in the latter part of this year.''

The first question for Mr. Obama in his meeting with Senate Democrats came from Senator Arlen Specter, Democrat of Pennsylvania, and it was about China. What, he asked, did the president plan to do to respond to China's ''unfair trade advantage,'' which he said caused the huge trade imbalance?

Mr. Obama talked about enforcing existing trade agreements, before raising the issue of exchange rates. If the United States was able to increase its exports to Asia by a single percentage point, he said, it would generate thousands, maybe millions, of new jobs in the country.

Senator Charles E. Grassley, Republican of Iowa, urged the president to put China on the list of currency manipulators, something the administration has not done in its first two reports.

Senator Charles E. Schumer, Democrat of New York, who has sponsored legislation that would impose sanctions on China for its currency policy, said he hoped the popular mood would push the White House.

''One of the main causes of the public's discontent is that they feel China doesn't treat us fairly, and that no one is doing anything about it,'' Mr. Schumer said in an interview. ''That may importune the administration to act, but if they don't, there's a strong move in Congress to do so.''

Another factor affecting the administration may be shifting economic fortunes in both countries. China is rebounding faster from the recession than the United States, and as it does, the imbalances that result from its artificially depressed currency could become even starker.

Economists estimate that China's currency, the renminbi, is undervalued by at least 25 percent and as much as 40 percent, relative to the dollar and other currencies. That gap, they say, is wider than at any time since 2005, when Beijing, under pressure from the Bush administration, allowed the renminbi to rise modestly.

Given that, the administration hopes China, on its own, will come to recognize the need for a new currency policy.

''The silver lining of what the U.S. and China have been through is that there's a greater appreciation in China of policies that would stimulate internal growth and make it less dependent on exports,'' said a senior administration official, who spoke on the condition of anonymity.

The administration's point person on China's currency is the Treasury secretary, Timothy F. Geithner, who has an awkward history on the subject. In a written answer to questions during his confirmation process, Mr. Geithner said that China was manipulating its currency. He later disavowed that statement, and set about smoothing ruffled feathers in Beijing.

''Many of us in Congress are pretty frustrated that the administration has made no progress on this,'' Mr. Schumer said.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** February 4, 2010

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: The People's Bank of China in Beijing. Washington wants China to stop depressing its currency.(PHOTOGRAPH BY ADRIAN BRADSHAW/EUROPEAN PRESSPHOTO AGENCY)

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

57 of 100 DOCUMENTS

The New York Times

February 3, 2010 Wednesday

Late Edition - Final

**China Warns U.S. Leaders Not to Meet the Dalai Lama**

**BYLINE:** By EDWARD WONG; Peter Baker contributed reporting from Nashua, N.H.

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 11

**LENGTH:** 679 words

**DATELINE:** BEIJING

A senior Chinese official strongly warned President Obama on Tuesday against meeting with the Dalai Lama, the exiled spiritual leader of the Tibetans, saying it would damage relations between China and the United States.

The official, Zhu Weiqun, said any country would suffer consequences if its leaders met with the Dalai Lama, whom China considers to be a dangerous separatist. Mr. Zhu did not elaborate on what actions China could take.

But a White House spokesman said the president's plans were unchanged. ''The president told China's leaders during his trip last year that he would meet with the Dalai Lama, and he intends to do so,'' said the spokesman, Bill Burton, speaking aboard Air Force One as it flew Mr. Obama to New Hampshire for an event.

''To be clear,'' he added, ''the U.S. considers Tibet to be a part of China. We have human rights concerns about the treatment of Tibetans. We urge the government of China to protect the unique cultural and religious traditions of Tibet.''

Last autumn, when the Dalai Lama visited the United States, Mr. Obama declined to meet with him to avoid angering China before Mr. Obama's trip to Beijing, in November.

Both Mr. Obama and the Dalai Lama are Nobel Peace Prize laureates.

Mr. Zhu, who is the executive vice director of the United Front Work Department, the arm of the Chinese Communist Party that oversees ethnic policy, made his remarks at a morning news conference, according to Xinhua, the state news agency. The purpose of the conference was to give details on recent negotiations between the Chinese government and envoys of the Dalai Lama, in which China rejected demands for greater Tibetan autonomy.

Any move by American leaders to meet the Dalai Lama will ''harm others but bring no profit to itself, either,'' Mr. Zhu said.

Despite Mr. Obama's earlier overtures to Beijing, tensions between the United States and China have been on the rise.

Secretary of State Hillary Rodham Clinton recently chastised China in a speech she gave in which she denounced Internet censorship. Last Friday, the United States announced sales of $6.4 billion of arms to Taiwan, the self-governing island that China says is a rebel province. In response, China said it would break off military-to-military ties with the United States and impose sanctions against the American companies that make the arms.

China usually criticizes any prominent figure who meets with the Dalai Lama.

In 2007, despite furious objections from China, President George W. Bush met privately with the Dalai Lama in Washington and was present at a ceremony at which Congress awarded the exiled Tibetan leader its highest civilian honor. China called the event a farce.

A decade earlier, President Bill Clinton informally greeted the Dalai Lama at the White House and said he would urge China to open talks with him, but the two leaders did not meet formally.

In 2008 China protested a meeting between the Dalai Lama and President Nicolas Sarkozy of France. It hinted that it would impose economic sanctions against France but never did.

China considers sovereignty issues like the status of Tibet and Taiwan to be what officials call the nation's ''core interests.'' Few things anger the Chinese government more than the perceived intervention of foreign countries in these matters. Tibet, always a thorny foreign policy issue for the Communist Party, became even more so after an uprising exploded across Tibetan regions of western China in March 2008.

The Dalai Lama, 74, lives in India and says he wants only ''genuine autonomy'' for Tibet, not independence.

The latest meeting between his envoys and Chinese officials ended over the weekend. It was the ninth round of talks since 2002, and Chinese officials restated their rejection of the Dalai Lama's call for greater autonomy for the Tibetans.

Mr. Zhu said Tuesday that the Dalai Lama was not a legal representative of the six million Tibetans in China and that China would discuss with the envoys only the status of the Dalai Lama, not the future of Tibet.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** February 3, 2010

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: A roadside vendor in Dharamsala, India, displayed his images of the Dalai Lama, the exiled Tibetan leader who lives there. (PHOTOGRAPH BY ASHWINI BHATIA/ASSOCIATED PRESS)

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

58 of 100 DOCUMENTS

The New York Times

February 1, 2010 Monday

Late Edition - Final

**U.S. Arms For Taiwan Send Beijing A Message**

**BYLINE:** By HELENE COOPER

**SECTION:** Section A; Column 0; Foreign Desk; NEWS ANALYSIS; Pg. 4

**LENGTH:** 1202 words

**DATELINE:** WASHINGTON

For the past year, China has adopted an increasingly muscular position toward the United States, berating American officials for the global economic crisis, stage-managing President Obama's visit to China in November, refusing to back a tougher climate change agreement in Copenhagen and standing fast against American demands for tough new Security Council sanctions against Iran.

Now, the Obama administration has started to push back. In announcing an arms sales package to Taiwan worth $6 billion on Friday, the United States leveled a direct strike at the heart of the most sensitive diplomatic issue between the two countries since America affirmed the ''one China'' policy in 1972.

The arms package was doubly infuriating to Beijing coming so soon after the Bush administration announced a similar arms package for Taiwan in 2008, and right as tensions were easing somewhat in Beijing and Taipei's own relations. China's immediate, and outraged, reaction -- cancellation of some military exchanges and announcement of punitive sanctions against American companies -- demonstrates, China experts said, that Beijing is feeling a little burned, particularly because the Taiwan arms announcement came on the same day that Secretary of State Hillary Rodham Clintonpublicly berated China for not taking a stronger position on holding Iran accountable for its nuclear program.

While administration officials sounded a uniform public note, cautioning Beijing not to allow this latest tiff to damage overall relations, some administration officials suggested privately that the timing of the arms sales and the tougher language on Iran was calculated to send a message to Beijing to avoid assumptions that President Obama would be deferential to China over American security concerns and existing agreements.

''This was a case of making sure that there was no misunderstanding that we will act in our own national security interests,'' one senior administration official said. A second Obama administration official, also speaking on the condition of anonymity because of the sensitivity of the issue, said pointedly: ''Unlike the previous administration, we did not wait until the end of our administration to go ahead with the arms sales to Taiwan. We did it early.''

But larger questions remain about where the Obama administration is heading on China policy, and whether the new toughness signals a fundamentally new direction and will yield results that last year's softer approach did not.

Beyond the wars in Afghanistan and Iraq, management of the American relationship with China is one of Mr. Obama's biggest foreign policy challenges. Flush with cash, China's economy is growing mightily, and China has become one of the biggest foreign lenders to the United States. China also is an increasingly critical American trading partner and a global rival in influence and economic power.

''The president's view is that obviously we have to have a mature enough relationship with China that we can be candid and firm where we disagree and cooperate forcefully when we agree,'' a senior administration official said. He insisted that the timing of the arms package and Mrs. Clinton's tough words were ''not designed to send a gratuitous message to China, but to demonstrate the firmness of our position.''

China has a history of getting off to a tough start with American administrations. President Bill Clinton alienated Beijing with tough talk on human rights, even signing an executive order that made renewal of trade privileges for China dependent on progress on human rights. But Mr. Clinton reversed himself in 1994, saying that the United States and China would move forward faster on issues of mutual concern if Beijing was not isolated.

Similarly, President George W. Bush's first dealings with the Chinese were also fractious, including an effort to recover American airmen whose spy plane was forced down off the Chinese coast.

''The Obama administration came in exactly the opposite,'' said Steven Clemons, director of foreign policy programs at the New America Foundation. ''They needed China on economic issues, climate change, Iran, North Korea. So they came in wanting to do this lovely dance with China, but that didn't work.''

Instead, China pushed back hard, including at the Copenhagen climate change summit meeting in December, when Beijing balked at American and European demands that China agree to an international monitoring system for emissions targets. Twice, the Chinese prime minister, Wen Jiabao, sent an underling to represent him at meetings with Mr. Obama, in what diplomats said was an intentional snub. Mr. Obama later had to track down Mr. Wen, surprising him and appearing at the doorway of a conference room where Mr. Wen was meeting with the leaders of South Africa, Brazil and India.

The United States and China eventually reached a compromise on the monitoring agreement, but the whole incident left a bad taste in the mouths of many Obama administration officials, who believed China had deliberately set out to belittle Mr. Obama, and who were determined to push back and reassert American authority.

''The Chinese,'' said James J. Shinn, who was assistant secretary of defense for Asia during the Bush administration, ''now seem to have a palpable sense of confidence that they're more in the driver's seat than two years ago, across a whole range of issues.''

For Mr. Obama, the arms sale to Taiwan, which China considers a breakaway province, may be only the first of many instances this year in which he will run afoul of Beijing.

Some foreign policy experts said that the administration now seemed intent on poking at the sovereignty issues that have long been China's Achilles' heel. Mrs. Clinton noted on Friday that Mr. Obama would soon be meeting with the Tibetan spiritual leader, the Dalai Lama -- a meeting that White House officials put off last summer to avoid alienating Beijing in advance of Mr. Obama's China trip. China regards the Dalai Lama as an advocate of Tibetan independence.

''China is feeling very confident these days, but the one thing that the Chinese freak out about consistently are sovereignty issues,'' said Mr. Clemons of the New America Foundation. ''So anything related to Taiwan or Tibet will get them going.''

Added to that, the administration has been championing Internet freedom recently, another source of public tension with Beijing. China's government is embroiled in a fight with Google over that company's complaints about Internet censorship and hacking attacks it says originated in China.

But the tougher American positions do not change the fact that Mr. Obama needs Chinese cooperation on a host of issues. Beyond his efforts to rein in Iran's nuclear ambitions, the president is also working with Beijing on similar ambitions in North Korea.

And Mr. Obama announced in his State of the Union address last week that he planned to double American exports in the next five years, an ambitious goal that cannot be met unless he somehow persuades China to let its currency appreciate, making Chinese products more expensive in the United States and American products more affordable in China.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** February 1, 2010

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: Prime Minister Wen Jiabao of China with President Obama during the president's visit to China last November.(POOL PHOTO BY DAVID GRAY)(A6)

**DOCUMENT-TYPE:** News Analysis

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

59 of 100 DOCUMENTS

The New York Times

January 31, 2010 Sunday

Late Edition - Final

**China Leading Race to Make Clean Energy**

**BYLINE:** By KEITH BRADSHER

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 1

**LENGTH:** 1199 words

**DATELINE:** TIANJIN, China

China vaulted past competitors in Denmark, Germany, Spain and the United States last year to become the world's largest maker of wind turbines, and is poised to expand even further this year.

China has also leapfrogged the West in the last two years to emerge as the world's largest manufacturer of solar panels. And the country is pushing equally hard to build nuclear reactors and the most efficient types of coal power plants.

These efforts to dominate renewable energy technologies raise the prospect that the West may someday trade its dependence on oil from the Mideast for a reliance on solar panels, wind turbines and other gear manufactured in China.

''Most of the energy equipment will carry a brass plate, 'Made in China,' '' said K. K. Chan, the chief executive of Nature Elements Capital, a private equity fund in Beijing that focuses on renewable energy.

President Obama, in his State of the Union speech last week, sounded an alarm that the United States was falling behind other countries, especially China, on energy. ''I do not accept a future where the jobs and industries of tomorrow take root beyond our borders -- and I know you don't either,'' he told Congress.

The United States and other countries are offering incentives to develop their own renewable energy industries, and Mr. Obama called for redoubling American efforts. Yet many Western and Chinese executives expect China to prevail in the energy-technology race.

Multinational corporations are responding to the rapid growth of China's market by building big, state-of-the-art factories in China. Vestas of Denmark has just erected the world's biggest wind turbine manufacturing complex here in northeastern China, and transferred the technology to build the latest electronic controls and generators.

''You have to move fast with the market,'' said Jens Tommerup, the president of Vestas China. ''Nobody has ever seen such fast development in a wind market.''

Renewable energy industries here are adding jobs rapidly, reaching 1.12 million in 2008 and climbing by 100,000 a year, according to the government-backed Chinese Renewable Energy Industries Association.

Yet renewable energy may be doing more for China's economy than for the environment. Total power generation in China is on track to pass the United States in 2012 -- and most of the added capacity will still be from coal.

China intends for wind, solar and biomass energy to represent 8 percent of its electricity generation capacity by 2020. That compares with less than 4 percent now in China and the United States. Coal will still represent two-thirds of China's capacity in 2020, and nuclear and hydropower most of the rest.

As China seeks to dominate energy-equipment exports, it has the advantage of being the world's largest market for power equipment. The government spends heavily to upgrade the electricity grid, committing $45 billion in 2009 alone. State-owned banks provide generous financing.

China's top leaders are intensely focused on energy policy: on Wednesday, the government announced the creation of a National Energy Commission composed of cabinet ministers as a ''superministry'' led by Prime Minister Wen Jiabao himself.

Regulators have set mandates for power generation companies to use more renewable energy. Generous subsidies for consumers to install their own solar panels or solar water heaters have produced flurries of activity on rooftops across China.

China's biggest advantage may be its domestic demand for electricity, rising 15 percent a year. To meet demand in the coming decade, according to statistics from the International Energy Agency, China will need to add nearly nine times as much electricity generation capacity as the United States will.

So while Americans are used to thinking of themselves as having the world's largest market in many industries, China's market for power equipment dwarfs that of the United States, even though the American market is more mature. That means Chinese producers enjoy enormous efficiencies from large-scale production.

In the United States, power companies frequently face a choice between buying renewable energy equipment or continuing to operate fossil-fuel-fired power plants that have already been built and paid for. In China, power companies have to buy lots of new equipment anyway, and alternative energy, particularly wind and nuclear, is increasingly priced competitively.

Interest rates as low as 2 percent for bank loans -- the result of a savings rate of 40 percent and a government policy of steering loans to renewable energy -- have also made a big difference.

As in many other industries, China's low labor costs are an advantage in energy. Although Chinese wages have risen sharply in the last five years, Vestas still pays assembly line workers here only $4,100 a year.

China's commitment to renewable energy is expensive. Although costs are falling steeply through mass production, wind energy is still 20 to 40 percent more expensive than coal-fired power. Solar power is still at least twice as expensive as coal.

The Chinese government charges a renewable energy fee to all electricity users. The fee increases residential electricity bills by 0.25 percent to 0.4 percent. For industrial users of electricity, the fee doubled in November to roughly 0.8 percent of the electricity bill.

The fee revenue goes to companies that operate the electricity grid, to make up the cost difference between renewable energy and coal-fired power.

Renewable energy fees are not yet high enough to affect China's competitiveness even in energy-intensive industries, said the chairman of a Chinese industrial company, who asked not to be identified because of the political sensitivity of electricity rates in China.

Grid operators are unhappy. They are reimbursed for the extra cost of buying renewable energy instead of coal-fired power, but not for the formidable cost of building power lines to wind turbines and other renewable energy producers, many of them in remote, windswept areas. Transmission losses are high for sending power over long distances to cities, and nearly a third of China's wind turbines are not yet connected to the national grid.

Most of these turbines were built only in the last year, however, and grid construction has not caught up. Under legislation passed by the Chinese legislature on Dec. 26, a grid operator that does not connect a renewable energy operation to the grid must pay that operation twice the value of the electricity that cannot be distributed.

With prices tumbling, China's wind and solar industries are increasingly looking to sell equipment abroad -- and facing complaints by Western companies that they have unfair advantages. When a Chinese company reached a deal in November to supply turbines for a big wind farm in Texas, there were calls in Congress to halt federal spending on imported equipment.

''Every country, including the United States and in Europe, wants a low cost of renewable energy,'' said Ma Lingjuan, deputy managing director of China's renewable energy association. ''Now China has reached that level, but it gets criticized by the rest of the world.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** January 31, 2010

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTOS: As China takes the lead on wind turbines, above, and solar panels, President Obama is calling for American industry to step up. (A1)

Wind turbine parts at a factory in Tianjin. Shifting to sustainable energy could leave the West dependent on China, much as it now depends on the Middle East. (PHOTOGRAPHS BY SHIHO FUKADA FOR THE NEW YORK TIMES) (A10)

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

60 of 100 DOCUMENTS

The New York Times

January 26, 2010 Tuesday

Late Edition - Final

**More Tainted Dairy Products Are Found in Chinese Stores**

**BYLINE:** By MICHAEL WINES

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 5

**LENGTH:** 482 words

**DATELINE:** BEIJING

Health officials in southern China have swept frozen confections and other dairy products from stores after discovering they contained melamine, the industrial compound at the center of a tainted-food scandal that rocked China's dairy industry in 2008, news reports said Monday.

It was the third time in a month that Chinese authorities had announced problems related to melamine, suggesting that producers are still making and selling tainted food ingredients despite outrage over the 2008 scandal and what the government heralded as a crackdown.

The former head of the Guangdong Provincial Dairy Association, Wang Dingmian, confirmed the recalls in a telephone conversation. Mr. Wang, who has often taken on the role of spokesman for dairy companies in southern China, refused to provide further details.

The latest case took place in Guizhou, a province in the south of China's interior. The provincial newspaper Guiyang Daily reported that food companies from Hebei, Liaoning and Shandong Provinces and the city of Shanghai had produced the tainted products in March and April 2009. The companies' officials were reported to have said that the melamine was in milk powder they bought elsewhere to use as an ingredient.

The state-run newspaper China Daily reported Monday that the three companies were banned from selling products in Guizhou.

Melamine is commonly used in plastics and fertilizer, among other products. Its high nitrogen content can make foods appear to be protein-rich in standard nutrition tests. When eaten, however, the chemical can cause kidney stones and kidney failure, especially in infants and toddlers.

At least six children died and 300,000 were sickened in 2008 before investigators discovered that 22 major food companies were selling products laced with melamine to make them appear more nutritious. The revelation set off worldwide recalls of Chinese products, from dairy goods to dog food, and bankrupted China's biggest dairy company, Sanlu. In November, China executed two people in connection with the scandal.

In interviews this month with Chinese news outlets involving an earlier recall, Mr. Wang was quoted as saying that officials had failed to monitor a large batch of melamine-tainted products left on the market after the 2008 scandal, and that the lapse had been kept quiet ''to safeguard the good image of the dairy industry.''

Shanghai government officials said last month that they had closed one firm, Shanghai Panda Dairy Company, and arrested three of its executives after some batches of products made in 2008 were found to contain melamine. Journalists later reported that government officials had learned of the contamination in December 2008, but took no action.

Late last month, officials in Shaanxi Province arrested three dairy executives after discovering that 200 bags of their company's milk powder were laced with melamine.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** January 26, 2010

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

61 of 100 DOCUMENTS

The New York Times

January 8, 2010 Friday

Late Edition - Final

**Shorting China**

**BYLINE:** By DAVID BARBOZA

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1171 words

**DATELINE:** SHANGHAI

James S. Chanos built one of the largest fortunes on Wall Street by foreseeing the collapse of Enron and other highflying companies whose stories were too good to be true.

Now Mr. Chanos, a wealthy hedge fund investor, is working to bust the myth of the biggest conglomerate of all: China Inc.

As most of the world bets on China to help lift the global economy out of recession, Mr. Chanos is warning that China's hyperstimulated economy is headed for a crash, rather than the sustained boom that most economists predict. Its surging real estate sector, buoyed by a flood of speculative capital, looks like ''Dubai times 1,000 -- or worse,'' he frets. He even suspects that Beijing is cooking its books, faking, among other things, its eye-popping growth rates of more than 8 percent.

''Bubbles are best identified by credit excesses, not valuation excesses,'' he said in a recent appearance on CNBC. ''And there's no bigger credit excess than in China.'' He is planning a speech later this month at the University of Oxford to drive home his point.

As America's pre-eminent short-seller -- he bets big money that companies' strategies will fail -- Mr. Chanos's narrative runs counter to the prevailing wisdom on China. Most economists and governments expect Chinese growth momentum to continue this year, buoyed by what remains of a $586 billion government stimulus program that began last year, meant to lift exports and consumption among Chinese consumers.

Still, betting against China will not be easy. Because foreigners are restricted from investing in stocks listed inside China, Mr. Chanos has said he is searching for other ways to make his bets, including focusing on construction- and infrastructure-related companies that sell cement, coal, steel and iron ore.

Mr. Chanos, 51, whose hedge fund, Kynikos Associates, based in New York, has $6 billion under management, is hardly the only skeptic on China. But he is certainly the most prominent and vocal.

For all his record of prescience -- in addition to predicting Enron's demise, he also spotted the looming problems of Tyco International, the Boston Market restaurant chain and, more recently, home builders and some of the world's biggest banks -- his detractors say that he knows little or nothing about China or its economy and that his bearish calls should be ignored.

''I find it interesting that people who couldn't spell China 10 years ago are now experts on China,'' said Jim Rogers, who co-founded the Quantum Fund with George Soros and now lives in Singapore. ''China is not in a bubble.''

Colleagues acknowledge that Mr. Chanos began studying China's economy in earnest only last summer and sent out e-mail messages seeking expert opinion.

But he is tagging along with the bears, who see mounting evidence that China's stimulus package and aggressive bank lending are creating artificial demand, raising the risk of a wave of nonperforming loans.

''In China, he seems to see the excesses, to the third and fourth power, that he's been tilting against all these decades,'' said Jim Grant, a longtime friend and the editor of Grant's Interest Rate Observer, who is also bearish on China. ''He homes in on the excesses of the markets and profits from them. That's been his stock and trade.''

Mr. Chanos declined to be interviewed, citing his continuing research on China. But he has already been spreading the view that the China miracle is blinding investors to the risk that the country is producing far too much.

''The Chinese,'' he warned in an interview in November with Politico.com, ''are in danger of producing huge quantities of goods and products that they will be unable to sell.''

In December, he appeared on CNBC to discuss how he had already begun taking short positions, hoping to profit from a China collapse.

In recent months, a growing number of analysts, and some Chinese officials, have also warned that asset bubbles might emerge in China.

The nation's huge stimulus program and record bank lending, estimated to have doubled last year from 2008, pumped billions of dollars into the economy, reigniting growth.

But many analysts now say that money, along with huge foreign inflows of ''speculative capital,'' has been funneled into the stock and real estate markets.

A result, they say, has been soaring prices and a resumption of the building boom that was under way in early 2008 -- one that Mr. Chanos and others have called wasteful and overdone.

''It's going to be a bust,'' said Gordon G. Chang, whose book, ''The Coming Collapse of China'' (Random House), warned in 2001 of such a crash.

Friends and colleagues say Mr. Chanos is comfortable betting against the crowd -- even if that crowd includes the likes of Warren E. Buffett and Wilbur L. Ross Jr., two other towering figures of the investment world.

A contrarian by nature, Mr. Chanos researches companies, pores over public filings to sift out clues to fraud and deceptive accounting, and then decides whether a stock is overvalued and ready for a fall. He has a staff of 26 in the firm's offices in New York and London, searching for other China-related information.

''His record is impressive,'' said Byron R. Wien, vice chairman of Blackstone Advisory Services. ''He's no fly-by-night charlatan. And I'm bullish on China.''

Mr. Chanos grew up in Milwaukee, one of three sons born to the owners of a chain of dry cleaners. At Yale, he was a pre-med student before switching to economics because of what he described as a passionate interest in the way markets operate.

His guiding philosophy was discovered in a book called ''The Contrarian Investor,'' according to an account of his life in ''The Smartest Guys in the Room,'' a book that chronicled Enron's rise and downfall.

After college, he went to Wall Street, where he worked at a series of brokerage houses before starting his own firm in 1985, out of what he later said was frustration with the way Wall Street brokers promoted stocks.

At Kynikos Associates, he created a firm focused on betting on falling stock prices. His theories are summed up in testimony he gave to the House Committee on Energy and Commerce in 2002, after the Enron debacle. His firm, he said, looks for companies that appear to have overstated earnings, like Enron; were victims of a flawed business plan, like many Internet firms; or have been engaged in ''outright fraud.''

That short-sellers are held in low regard by some on Wall Street, as well as Main Street, has long troubled him.

Short-sellers were blamed for intensifying market sell-offs in the fall 2008, before the practice was temporarily banned. Regulators are now trying to decide whether to restrict the practice.

Mr. Chanos often responds to critics of short-selling by pointing to the critical role they played in identifying problems at Enron, Boston Market and other ''financial disasters'' over the years.

''They are often the ones wearing the white hats when it comes to looking for and identifying the bad guys,'' he has said.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** January 8, 2010

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTOS: James Chanos made his hedge fund fortune predicting problems at companies and shorting their stock. Now he's betting against China, and is promoting his view that the China miracle has blinded investors to the risks in that economy.(PHOTOGRAPH BY DANIEL ACKER/BLOOMBERG NEWS)

PHOTO

**PUBLICATION-TYPE:** Newspaper

Copyright 2010 The New York Times Company

62 of 100 DOCUMENTS

The New York Times

December 16, 2009 Wednesday

Late Edition - Final

**China, Rushing Into Reactors, Stirs Concerns**

**BYLINE:** By KEITH BRADSHER

**SECTION:** Section A; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1256 words

**DATELINE:** SHENZHEN, China

China is preparing to build three times as many nuclear power plants in the coming decade as the rest of the world combined, a breakneck pace with the potential to help slow global warming.

China's civilian nuclear power industry -- with 11 reactors operating and construction starting on as many as an additional 10 each year -- is not known to have had a serious accident in 15 years of large-scale electricity production.

And with China already the largest emitter of gases blamed for global warming, the expansion of nuclear power would at least slow the increase in emissions.

Yet inside and outside the country, the speed of the construction program has raised safety concerns. China has asked for international help in training a force of nuclear inspectors.

The last country to carry out such a rapid nuclear expansion was the United States in the 1970s, in a binge of reactor construction that ended with the Three Mile Island accident in Pennsylvania in 1979. And China is placing many of its nuclear plants near large cities, potentially exposing tens of millions of people to radiation in the event of an accident.

In addition, China must maintain nuclear safeguards in a national business culture where quality and safety sometimes take a back seat to cost-cutting, profits and outright corruption -- as shown by scandals in the food, pharmaceutical and toy industries and by the shoddy construction of schools that collapsed in the Sichuan Province earthquake last year.

''At the current stage, if we are not fully aware of the sector's over-rapid expansions, it will threaten construction quality and operation safety of nuclear power plants,'' Li Ganjie, the director of China's National Nuclear Safety Administration, said in a speech this year.

A top-level corruption scandal is already unfolding in the nuclear industry.

In August, the Chinese government dismissed and detained the powerful president of the China National Nuclear Corporation, Kang Rixin, in a $260 million corruption case involving allegations of bid-rigging in nuclear power plant construction, according to official media reports. No charges have been reported against Mr. Kang, who is being held incommunicado for interrogation.

While none of Mr. Kang's decisions publicly documented would have created hazardous conditions at nuclear plants, the case is a worrisome sign that nuclear executives in China may not always put safety first in their decision-making.

In contrast with its performance in industries like toys, China has a strong safety record in industries like aviation, which receive top-level government attention.

The challenge for the government and for nuclear companies as they increase construction is to keep an eye on a growing army of contractors and subcontractors who may be tempted to cut corners.

''It's a concern, and that's why we're all working together because we hear about these things going on in other industries,'' said William P. Poirier, a vice president for Westinghouse Electric, which is building four nuclear reactors in China.

Philippe Jamet, the director of the division of nuclear installation safety at the International Atomic Energy Agency in Vienna, said that China had welcomed foreign inspectors at its reactors and that ''they show pretty good operations safety.''

But he added that the international agency was concerned about whether China would have enough nuclear inspectors with adequate training to handle the rapid expansion.

''They don't have very much staff, when you compare their staff with how many they will need,'' Mr. Jamet said. The agency accepted a Chinese request to send a team of international experts to the country next year to assess staffing and training, he added.

In late October, Prime Minister Wen Jiabao ordered a quintupling of the safety agency's staff by the end of next year, to 1,000, according to United States regulators. Chinese officials did not respond to requests for confirmation.

China has two rival state-owned nuclear power giants: the China National Nuclear Corporation, mainly in northeastern China, and the China Guangdong Nuclear Power Group, mainly in southeastern China.

Western experts regard the Daya Bay nuclear power plant in Shenzhen, which mainly uses French designs and is run by China Guangdong Nuclear, as evidence that China can run reactors safely. A display case holds trophies the power plant won in global safety competitions.

China National Nuclear likewise cooperates with international inspectors and has had no reported mishaps. But its roots are in a government ministry with close ties to the former Soviet Union, making it more of an enigma to most Western experts, and the corruption case has added to their concern. China National Nuclear was on track to grow faster than China Guangdong over the next decade.

China National Nuclear has sought to hush up the case involving the arrest of its president, deleting from its Chinese-language Web site even the most minor news releases that mentioned Mr. Kang. In a faxed response to questions, China National Nuclear made no mention of Mr. Kang, but emphasized that its plants met international standards.

The arrest of Mr. Kang, a member of the Chinese Communist Party's powerful Central Committee, can be seen as evidence of China's seriousness about safety.

Today, China's nuclear plants can produce about nine gigawatts of power when operating at full capacity, supplying about 2.7 percent of the country's electricity. Three years ago, the government set a goal of increasing that capacity more than fourfold by 2020.

The government will soon announce a further increase in its targets, to 70 gigawatts of capacity by 2020 and 400 gigawatts by 2050, said Jiang Kejun, an energy policy director at the National Development and Reform Commission, the main planning agency.

Electrical demand is growing so rapidly in China that even if the industry manages to meet the ambitious 2020 target, nuclear stations will still generate only 9.7 percent of the country's power, by the government's projections.

Bringing so much nuclear power online over the next decade would reduce the country's energy-related emissions of global warming gases by about 5 percent, compared with the emissions that would be produced by burning coal to generate the power.

''For anyone concerned about carbon dioxide emissions, it's heartening, but it's only a piece of the puzzle,'' said Jonathan Sinton, a China specialist at the International Energy Agency in Paris.

China, which by most estimates overtook the United States in 2006 to become the largest emitter of greenhouse gases, is seeking sharp improvements in the energy efficiency of its economy.

But the economy is growing so fast that even if the country can meet its goals, total emissions will rise 72 to 88 percent by 2020, Mr. Sinton said.

The challenge for China is to build and operate its nuclear reactors without the equivalent of the Three Mile Island accident, in which a reactor core partly melted and released radioactivity, or the Chernobyl disaster in the former Soviet Union in 1986, the world's worst civilian nuclear accident.

China does not use the kind of reactor that exploded at Chernobyl. And engineers in China study the mistakes that poorly trained operators made at Three Mile Island.

Liu Yanhua, a vice minister of science and technology, said China believed that its nuclear industry would continue to grow safely.

''So far,'' Mr. Liu said, ''there is no damage.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** December 16, 2009

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTOS: In Shenzhen, Daya Bay is one of dozens of new nuclear plants built to satisfy power needs. (PHOTOGRAPH BY TIMOTHY O'ROURKE FOR THE NEW YORK TIMES)

Nuclear plant trainees working at a simulator in a Chinese training center, which uses the latest in digital equipment. (PHOTOGRAPH BY KEITH BRADSHER/THE NEW YORK TIMES) (A3) CHARTS: China's Big Appetite for Electricity: As China modernizes, electricity consumption is soaring . . . . . . leading the government to plan an ambitious increase in nuclear power plants

TOTAL ELECTRICITY CONSUMPTION

ELECTRICAL GENERATING CAPACITY FROM NUCLEAR POWER (Sources: China National Bureau of Statistics via CEIC Data (past years)

China National Development and Reform Commission (targets) (A3)

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

63 of 100 DOCUMENTS

The New York Times

December 10, 2009 Thursday

Late Edition - Final

**A Land Where Car Sales Leap, but Gasoline Sales Stay Flat**

**BYLINE:** By KEITH BRADSHER

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 9

**LENGTH:** 575 words

**DATELINE:** GUANGZHOU, China

Auto sales are so strong in China that an unusual conspiracy theory has circulated on Western stock markets this month: the Chinese government must be secretly buying hundreds of thousands of cars and parking them somewhere.

The main evidence presented for the theory is that the number of gallons of gasoline consumed in China has been flat this year. But auto executives and Chinese buyers deny the rumor, which has spread so widely that economists have begun producing reports on why it is implausible.

Kevin Wale, the president of General Motors China, said that automakers knew who was buying their cars and saw no evidence of a car-buying conspiracy. Sharp improvements in fuel economy -- partly because of government mandates and partly because of a shift to smaller cars -- help explain the slow growth in gasoline sales, he said.

A series of recent increases in regulated fuel prices may have also discouraged some driving, he added.

In interviews over the last three weeks in Kunming in southwestern China, in Nantong in east-central China and here in Guangzhou in southeastern China, residents complained of cars being sold out at dealerships because many people wanted to buy as incomes rose, loans became available and extensive new highways opened.

Li Qi, a 45-year-old lumber dealer who already owns a 40-inch flat-panel television and a BMW 325i sedan, sat at a table near the end of the long row of dealerships in Guangzhou on a recent afternoon and disconsolately peeled an egg that had been hard-boiled in tea. He complained of missing his chance to buy a Land Rover S.U.V. when he saw several in a dealership last month.

''I wanted to think about it, and now they are gone,'' he said, adding that he had just put his name on a monthlong waiting list.

Nissan has a waiting list of two to three months in China for its Teana midsize car, which is similar in size to the Altima sold in the United States, but it is costlier and comes with more standard equipment in China, like computer navigation aids.

Nissan produces the car in China for the Chinese market. The company cannot import the Teana manufactured at its factory in Japan because the technical specifications are slightly different for the Japanese market and because China still has steep tariffs on imported cars, said Kimiyasu Nakamura, the chief executive and president of the Dongfeng Motor Company, a Nissan joint venture in China.

But rising auto sales do not translate directly into rising gasoline consumption.

Stephen Green, an economist in the Shanghai office of Standard Chartered, calculated that the number of registered cars in China would rise 24 percent this year, a little more than half the growth rate in sales. Older, less fuel-efficient cars are being retired and replaced with fuel-sipping models, he said in a report on Nov. 16.

Light industry accounts for 40 percent of gasoline consumption in China and has slowed because of global economic difficulties, while commercial light trucks are also big users of gasoline and are probably being driven fewer miles because of weaker demands for freight movements, he wrote.

J.D. Power & Associates expects the United States to regain the annual lead in number of cars and light trucks from 2012 through 2014 as the American economy recovers from the downturn. J.D. Power also predicts that China will move ahead for keeps in 2015 because it has four times as many people as the United States.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** December 10, 2009

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

64 of 100 DOCUMENTS

The New York Times

December 10, 2009 Thursday

Late Edition - Final

**Cutting Back? Not in China**

**BYLINE:** By KEITH BRADSHER; Hilda Wang contributed reporting.

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1336 words

**DATELINE:** GUANGZHOU, China

For the first time, Chinese will buy more cars this year than Americans. Demand is so high that drivers put their names on long waiting lists for the most popular models.

''I'm disappointed, but what can I do?'' asked Zhang Ge Lu, a 28-year-old interior designer. He came recently with two friends to a row of dealerships here in southeastern China to buy a black Toyota RAV4, only to be told that he would have to wait two months for delivery.

And it is not just cars. For more and more consumer goods, China is surpassing the United States as the world's biggest market -- from cars to refrigerators to washing machines, even desktop computers.

The Chinese market is ''on full tilt -- booming is an understatement these days,'' said John Bonnell, the director of Asia vehicle forecasting at J.D. Power & Associates.

China is pulling ahead at this particular moment partly because Americans, debt-laden and worried about their jobs, are pulling back. After decades of gorging on consumption, Americans are saving. And the Chinese, whom economists thought were addicted to saving, are spending more.

Among China's 1.3 billion people, rising incomes are finally making large numbers of Chinese prosperous enough to make big-ticket purchases.

The question is: will they keep spending? The Beijing government is increasing consumption with rebates, subsidies and heavy bank lending. Whether China can turn the spending spree into the seeds of a true consumer society matters not just to China, but to the world.

For years, the West has pushed China to increase domestic consumption and reduce its dependence on exports -- that's because its overdependence on exports has distorted global trade.

To keep its export machine humming, China kept its currency undervalued to make its goods more competitive in foreign markets. The county beggared its own citizens, keeping salaries and bank deposit interest rates artificially low to support exporters.

China's trade surpluses and extensive intervention in currency markets have led it to amass $2.27 trillion in reserves, mainly in United States Treasuries, mortgage-backed securities and other dollar-denominated investments, helping to keep interest rates low and finance Americans' borrowing. Chinese parsimony enabled American profligacy.

If the Chinese buy more and Americans save more, a more stable global economic exchange can take shape. In the meantime, China's rapid consumption growth is good news for the whole world. For the first time, China, not the United States, is a locomotive helping to pull the global economy out of a slump. But China's tiny appetite for American exports means that the main benefit has gone to commodity exporters and to businesses in China.

Automakers are on track to sell 12.8 million cars and light trucks in China this year, virtually all of them made in China (although many are foreign brands), compared with 10.3 million in the United States. Appliance manufacturers expect to sell 185 million refrigerators, washing machines and other pieces of kitchen and laundry equipment in China this year, compared with 137 million in the American market.

In desktop computers, China moved solidly ahead of the United States in the third quarter, buying 7.2 million compared with 6.6 million in the United States.

Retail sales are growing 17 percent a year in China after adjusting for inflation, almost twice as fast as the overall economy.

Americans have been cutting back on purchases of everything from shoes to furniture to jewelry. But Chinese households are crossing a series of income thresholds at which cars and other big-ticket purchases become affordable.

At the same time, Chinese banks are stepping up consumer lending. The proportion of car sales financed with loans has doubled this year, to nearly 25 percent, although most Chinese still head for dealerships with bricks of 100-renminbi notes, each note worth about $14.62. Credit card spending rose 40 percent in the first nine months of the year compared with the same period last year, yet China still has just one credit card for every eight people, compared to two credit cards for each American man, woman and child.

While it is spreading creature comforts, China's lending-based prosperity may also be sowing the seeds of future economic problems. China's Banking Regulatory Commission recently told banks to show restraint in lending for the rest of the year, fearful that some of this year's loans could become bad debts in the next several years, as happened with the mortgage lending spree in the United States.

The regulator threatened to block banks' overseas investments and branch openings unless they can demonstrate adequate capital to cover risks.

The size of China's consumer market, notwithstanding its growth, will make it hard for China to rescue the world economy by itself. Total consumer spending in China is still less than a sixth of American consumer spending at current prices and exchange rates. That is mainly because China has relatively few restaurants, hotels and other service businesses, even as sales of manufactured goods have risen.

The average price tags on most Chinese products are much lower than in Western markets. For many products, including some in which China leads in the sheer number of goods, the total dollar value of sales in China is still smaller than in the United States.

The average new car sells for $17,000 in China compared with almost $30,000 in the United States, according to J.D. Power. This is because Chinese consumers buy more subcompacts and fewer sport utility vehicles. While the Chinese market is one-quarter larger in the number of cars sold, the American market is still about two-thirds larger in dollar terms.

Similarly, the United States market for household appliances is a third larger in dollars, even though the Chinese market is a third larger in the number of appliances. Cooking ranges in China are sold for countertop installation without a lot of other equipment, for example.

''You don't have the cook-a-turkey-in-the-oven type of product in China, because we don't have that kind of cooking,'' said Philip S. Carmichael, the president of Asian operations at Haier, China's biggest appliance manufacturer.

But in some sectors, Chinese buyers are already proving more lavish than Americans. The average flat-panel television sold in China is bigger than in the United States, according to AU Optronics of Taiwan, the world's third-largest manufacturer of flat-panel televisions.

When car sales began surging early this year, many auto executives attributed the boom to government incentives. To stimulate the economy, the government has offered rebates for rural families to buy cars and household appliances, and has cut sales taxes on cars with small engines.

But the boom has broadened to categories that barely qualify for incentives.

S.U.V. sales rose 72 percent in October from a year earlier. At Nissan, sales of cars with larger engines that do not qualify for the sales tax reduction are growing even faster than sales of small-engine cars.

Auto sales jumped 42 percent in the first 11 months of this year compared with sales in the same period last year. And sales are still accelerating, soaring 96 percent in November compared with the same month a year ago. Auto sales in the United States plunged 37 percent last month on the same basis.

China's consumers have the potential to buy even more in the years ahead. The savings rate is close to 40 percent -- and will remain high unless and until Beijing creates a social safety net for things like health care or retirement, which would encourage Chinese to spend more today.

And though annual incomes still average just $2,775 a person in cities and $840 in rural areas, Western economists predict the economy will grow almost 12 percent in each of the next two years and the renminbi is widely expected to appreciate someday, further increasing consumers' buying power.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** December 10, 2009

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTOS: A Cadillac Escalade getting attention at a show in Guangzhou, China. The country's vehicle sales have been brisk. (PHOTOGRAPH BY ASSOCIATED PRESS) (pg.B1)

The Guangzhou auto show in China. Because of better wages, more consumers are able to buy big-ticket items like new vehicles. (PHOTOGRAPH BY LU HANXIN/XINHUA, VIA ASSOCIATED PRESS) (pg.B9) CHARTS: NEW VEHICLE SALES: Under six tons gross weight (Source: J.D. Power and Associates) (pg.B1)

A RUSH TO SPEND: Heavy bank lending has led to a surge in retail sales in China over the past year, despite the global economic downturn. China now leads the United States in the number of cars, household appliances and other products sold each year. (Source: China National Bureau of Statistics via CEIC Data) (pg.B9)

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

65 of 100 DOCUMENTS

The New York Times

November 15, 2009 Sunday

Correction Appended

Late Edition - Final

**China's Sprint for the Gold**

**BYLINE:** By DAVID BARBOZA

**SECTION:** Section WK; Column 0; Week in Review Desk; Pg. 4

**LENGTH:** 561 words

**DATELINE:** SHANGHAI

PRESIDENT OBAMA's first official visit to China brings him this weekend to a country that, despite the global downturn, is increasingly wealthy, confident, ambitious -- and perplexing.

Over the past decade, even as China's exports have soared, the nation has begun transforming itself from a global font of low-priced goods fueled by cheap labor into a much more diverse and complex economic power. Along with that, it has developed huge disparities of wealth.

''There are a lot of billionaires, but there's also a lot of poverty in China,'' says C. Fred Bergsten, director of the Peterson Institute for International Economics in Washington. ''It's a very bipolar society. People have to recognize that both elements are there.''

Per capita income, for example, is still small -- about $3,200, which is less than 10 percent that of the United States and slightly more than that of Iraq -- and many farmers earn less than a dollar a day. Yet China is also home to the fastest-growing number of billionaires.

China doesn't just dominate trade; it scours the globe for resources; doles out multibillion-dollar loans to other developing nations; and holds stakes in Wall Street giants like Morgan Stanley and the Blackstone Group.

A nation that sold about 600,000 cars in 2000 is now poised to eclipse the United States and is on course to sell nearly 15 million vehicles in 2009. No country has ever accumulated larger foreign exchange reserves ($2.2 trillion). No country has more Web surfers (338 million).

And China leads the world in initial public stock offerings.

Ask the world's luxury brands where sales are holding up, and where they are expanding, and they will tell you here, in China. Every big city is building five-star hotels and the country's newest airports make America's look shabby.

In Washington, China is now viewed as both an economic rival and an increasingly important partner in trying to address some of the world's most pressing problems. China is not just America's biggest trading partner; it's also America's biggest foreign lender, buying up Treasury bonds and helping to finance the national debt. So American leaders talk about ''strategic dialogues,'' ''strategic and economic dialogues,'' and now ''strategic reassurance.''

But even leading economists confess to difficulty at fully understanding the role of a nation dominated by state-owned companies.

For instance, while some argue that China's low-cost manufacturing hurts America by draining away American jobs, other economists say that exporting those jobs to China allows companies to become more profitable in America, and expand their better-paying advertising, service and development departments at home. They also point out that Chinese factories hold down the price of everyday goods for Americans. One study, cited in ''China: The Balance Sheet'' (Public Affairs, 2006), said that, on average, America is about $70 billion a year richer because of trade with China.

Through all the arguments and counterarguments, one thing seems clear: China's momentous shift is creating the need for armies of analysts, economists and experts to explain and forecast how China's rise will remake the world, and the lives of ordinary Americans. At right are a few indicators of this country's seemingly unparalleled rise, just over 30 years after the death of Mao.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** November 15, 2009

**LANGUAGE:** ENGLISH

**CORRECTION-DATE:** November 22, 2009

**CORRECTION:** An article last Sunday about China's economic growth described the trade relationship between China and the United States incorrectly. China is America's biggest source of imports, not its biggest trading partner. (America's biggest trading partner, a category that takes account of American exports as well as imports, is Canada.)

**GRAPHIC:** CHART: Where China Outranks The United States: Initial public offerings (IPOs) A measure of China's financial strength. Hong Kong and Shanghai are now global leaders, supplanting New York.

Foreign currency reserves: By virtue of these holdings, China has become America's biggest foreign lender. No country has ever loaned another so much money. Nor has any held so much in reserves.

Trade balance

Where China Is Behind, But Rising Fast

Billionaires: Many in China come from real estate

others are entrepreneurs rich off IPOs.

Fortune Global 500: Biggest global companies by revenue.

Gross domestic product

Top 50 companies by market capitalization: A measure of the size and clout of the economy and corporate sector. Big companies can go on the global hunt and buy virtually anything they want. China has no major brands, but a lot of wealthy companies.(Sources: Dealogic (IPOs)

International Monetary Fund, United Nations, Chinese government (reserves)

Global Trade Atlas (trade)

Forbes (billionaires)

Fortune

World Bank (GDP)

Capital IQ, Bloomberg (top 50))

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

66 of 100 DOCUMENTS

The New York Times

November 15, 2009 Sunday

Late Edition - Final

**China's Role as Lender Alters Dynamics for Obama's Visit**

**BYLINE:** By HELENE COOPER, MICHAEL WINES and DAVID E. SANGER; Helene Cooper reported from Singapore, Michael Wines from Beijing, and David E. Sanger from Washington.

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 1

**LENGTH:** 1382 words

This article is by Helene Cooper, Michael Wines

and David E. Sanger.

When President Obama visits China for the first time on Sunday, he will, in many ways, be assuming the role of profligate spender coming to pay his respects to his banker.

That stark fact -- China is the largest foreign lender to the United States -- has changed the core of the relationship between the United States and the only country with a reasonable chance of challenging its status as the world's sole superpower.

The result: unlike his immediate predecessors, who publicly pushed and prodded China to follow the Western model and become more open politically and economically, Mr. Obama will be spending less time exhorting Beijing and more time reassuring it.

In a July meeting, Chinese officials asked their American counterparts detailed questions about the health care legislation making its way through Congress. The president's budget director, Peter R. Orszag, answered most of their questions. But the Chinese were not particularly interested in the public option or universal care for all Americans.

''They wanted to know, in painstaking detail, how the health care plan would affect the deficit,'' one participant in the conversation recalled. Chinese officials expect that they will help finance whatever Congress and the White House settle on, mostly through buying Treasury debt, and like any banker, they wanted evidence that the United States had a plan to pay them back.

It is a long way from the days when President George W. Bush hectored China about currency manipulation, or when President Bill Clinton exhorted the Chinese to improve human rights.

Mr. Obama has struck a mollifying note with China. He pointedly singled out the emerging dynamic at play between the United States and China during a wide-ranging speech in Tokyo on Saturday that was meant to outline a new American relationship with Asia.

''The United States does not seek to contain China,'' Mr. Obama said. ''On the contrary, the rise of a strong, prosperous China can be a source of strength for the community of nations.''

He alluded to human rights but did not get specific. ''We will not agree on every issue,'' he said, ''and the United States will never waver in speaking up for the fundamental values that we hold dear -- and that includes respect for the religion and cultures of all people.''

White House officials have been working for months to make sure that Mr. Obama's three-day visit to Shanghai and Beijing conveys a conciliatory image. For instance, in June, the White House told the Dalai Lama that while Mr. Obama would meet him at some point, he would not do so in October, when the Tibetan spiritual leader visited Washington, because it was too close to Mr. Obama's visit to China.

Greeting the Dalai Lama, whom China condemns as a separatist, weeks before Mr. Obama's first presidential trip to the country could alienate Beijing, administration officials said. Every president since George H. W. Bush in 1991 has met the Dalai Lama when he visited Washington, usually in private encounters at the White House, although in 2007 George W. Bush became the first president to welcome him publicly, bestowing the Congressional Gold Medal on him at the Capitol. Mr. Obama met the Dalai Lama as a senator.

Similarly, while he was campaigning for the presidency, Mr. Obama several times accused China of manipulating its currency, an allegation that the current Treasury secretary, Timothy F. Geithner, repeated during his confirmation hearings. But in April, the Treasury Department retreated from that criticism, issuing a report that said China was not manipulating its currency to increase its exports.

While American officials said privately that they remained frustrated that China's currency policies lowered the cost of Chinese goods and made American products more expensive in foreign markets, they said that they were relieved that China was fighting the global recession with an enormous fiscal stimulus program to spur domestic growth, and added that now was not the time to antagonize Beijing.

China is not viewed as a trouble spot for the United States. But this administration, like its predecessor, has had difficulty grappling with a rising power that seems eager to avoid direct clashes with the United States but affects its interests in many areas, including currency policy, nuclear proliferation, climate change and military spending.

In that regard, two members of Mr. Obama's foreign policy team said that the United States' interactions with the Chinese had been far too narrow in past years, focusing on counterterrorism and North Korea. Too little was done, they said, to address China's energy and environmental policies, or its expansion of influence in Southeast Asia, South Asia and Africa, where China has invested heavily and used billions of dollars in aid to advance its political influence.

One hint of the Obama administration's new approach came in a speech this fall by James B. Steinberg, the deputy secretary of state, who has deep roots in China policy. He argued that China needed to adopt a policy of ''strategic reassurance'' to the rest of the world, a phrase that appeared intended to be the successor to the framework of the Bush era, when China was urged to embrace a role as a ''responsible stakeholder.''

''Strategic reassurance rests on a core, if tacit, bargain,'' Mr. Steinberg said. ''Just as we and our allies must make clear that we are prepared to welcome China's 'arrival,' '' he argued, the Chinese ''must reassure the rest of the world that its development and growing global role will not come at the expense of security and well-being of others.''

The Chinese reaction has been mixed, at best. The official China Daily newspaper ran a column just before Mr. Obama's arrival suggesting that the United States needed to provide some assurance of its own -- to ''respect China's sovereignty and territorial integrity,'' code words for entirely backing away from the issues of how China deals with Taiwan and Tibet.

In the United States, the phrase ''strategic reassurance'' has been attacked by conservative commentators, who argue that any reassurance that the United States provides to China would be an acknowledgment of a decline in American power.

In an op-ed article in The Washington Post, the analysts Robert Kagan and Dan Blumenthal argued that the policy had echoes of Europe ''ceding the Western Hemisphere to American hegemony'' a century ago. ''Lingering behind this concept is an assumption of America's inevitable decline,'' they wrote. White House officials shot back, insisting that it is China that needs to do the reassurance, not the United States.

In China, Mr. Obama will meet with local political leaders and will host an American-style town hall meeting with students in Shanghai. He will then spend two days in Beijing meeting with President Hu Jintao.

It seems unlikely that Mr. Obama will get the same celebrity-type reception in Beijing that he received in Cairo, Ghana, Paris and London. China seems mostly immune to the Obama fever that swept other parts of the world, and the Chinese are growing more confident that their country has the wherewithal to compete with the United States on the world stage, analysts say.

''Obama is still a positive guy, and all over the world most people think he's more energetic, more sincere, than Bush, more a reformist,'' said Shi Yinhong, a professor and an expert on United States-China relations at People's University in Beijing. ''But in China, Obama's popularity is less than in Europe, than Japan or Southeast Asia.'' In China, he said, ''there is no worship of Obama.''

For instance, during the Bush and Clinton years, China might release a few political dissidents on the eve of a visit by the president as a good-will gesture. This time, American officials say, they do not expect any similar gestures, although they say that Mr. Obama will raise human rights issues privately with Mr. Hu.

''This time China will agree to have a human rights dialogue with the U.S. on some cases,'' Mr. Shi said, but ''the arguments have changed compared to the past. Now we say, 'We are a different country, we have our own system, our own culture.' ''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** November 15, 2009

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTOS: A Beijing store is selling notebooks with an image of President Obama, who arrives in China for a three-day visit on Sunday.(PHOTOGRAPH BY SHIHO FUKADA FOR THE NEW YORK TIMES)(A1)

People demonstrated Friday for the release of political prisoners in China in front of the American Consulate in Hong Kong.(PHOTOGRAPH BY MIKE CLARKE/AGENCE FRANCE-PRESSE -- GETTY IMAGES)(A12)

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

67 of 100 DOCUMENTS

The New York Times

November 14, 2009 Saturday

Late Edition - Final

**China Shows Focus on Territorial Issues as It Equates Tibet and Civil War South**

**BYLINE:** By EDWARD WONG

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 6

**LENGTH:** 1180 words

**DATELINE:** BEIJING

The Chinese government had a special message for President Obama on Thursday: He is black, he admires Abraham Lincoln, so he, of all people, should sympathize with Beijing's effort to prevent Tibet from seceding and sliding back into what it was before its liberation by Chinese troops: a feudalistic, slaveholding society headed by the Dalai Lama.

''He is a black president, and he understands the slavery abolition movement and Lincoln's major significance for that movement,'' Qin Gang, a Foreign Ministry spokesman, said at a news conference.

Mr. Qin added: ''Thus, on this issue we hope that President Obama, more than any other foreign leader, can better, more deeply grasp China's stance on protecting national sovereignty and territorial integrity.''

For many Americans, Mr. Qin's analogy might sound like a stretch, but it revealed which issues Chinese leaders see as among their top priorities, ones that Mr. Obama will no doubt have to grapple with after he arrives in China on Sunday for his first trip here.

While much attention will be focused on broad international issues like trade and currency values, climate change and the ailing world economy, questions of sovereignty and territory remain an obsession of Chinese foreign policy. Some scholars and analysts see this as an expression of an aggressive expansionism that will only deepen as China moves toward superpower status. Others argue that China is driven more by the need to recover territory wrested from it during the decades it was known as the Sick Man of Asia, when pieces of it were humiliatingly annexed by European powers and Japan.

As a result, Mr. Obama can expect to get an earful from Chinese officials not only on the Dalai Lama, whom the president says he will meet after the China trip, but also on Taiwan, the self-governing island that China says is a rebel province. Taiwan receives annual arms shipments from the United States.

''Tibet and Taiwan are, from China's perspective, the two core sovereignty issues, and they rank above all others in Chinese diplomacy,'' said David Shambaugh, a visiting scholar at the Chinese Academy of Social Sciences.

Disputed territory is also the biggest obstacle in relations between China and its largest neighbor, India. On Tuesday, Mr. Qin denounced the Dalai Lama for his visit this week to the Tibetan Buddhist enclave of Tawang in the Indian Himalayan state of Arunachal Pradesh.

Tawang is one of the most potent symbols of China's unresolved sovereignty issues. China says it was once part of Tibet, which the Chinese military seized in 1951, and so belongs to Beijing. India says that Tibetan leaders ceded it to British-ruled India in a 1914 treaty. Tawang figured centrally in a border war between China and India in 1962.

Part of the legitimacy of the Chinese Communist Party lies in the notion, rightly or wrongly held, that it ousted foreign influence from the country and has tried to reunite fragments of China to return the boundaries of the modern nation to roughly those of the Qing Dynasty (1644-1912) at its height. That includes Taiwan, Tibet, the western region of Xinjiang and, by China's calculation, Tawang.

''In most respects, the People's Republic of China, of course, inherits the fixed boundaries of its predecessor nation-state, the Republic of China, which declared as its territorial boundaries what had been mostly the messy frontiers of the Qing empire,'' Alice Miller, a political scientist and research fellow at the Hoover Institution at Stanford University, wrote in a China discussion forum posting that she agreed to make public.

''Messy'' is the operative word here. In the age of empires, there were no hard and fast borders, whether the imperial rulers were the Ottoman Turks or the Manchus or the Moghuls. The seat of empire had its sphere of influence, radiating outward, with tributary states occupying the borderlands but rarely being governed in the same way as regions within a modern nation today.

Trying to define national borders along the contours of an old empire is a daunting task. If, for example, Tibet paid tribute to the Qing emperor at certain points in history, should Tibet be part of modern China? If Tawang did the same with Tibetan rulers in Lhasa, should Tawang be part of modern Tibet?

Along with India and Indonesia, China is one of a handful of vast, multiethnic nations that follow the contours of fallen empires. Because of their size and history, all three nations grapple with the same issues: border disputes, ethno-nationalism, occasionally violent movements by disaffected ethnic or religious minorities.

China is often criticized as handling uprisings harshly in Tibet and Xinjiang, which the country's ethnic Han leaders consider internal issues of sovereignty. But in dealing with its neighbors on territorial issues, China has in the recent past generally sought to settle conflicts through negotiation, scholars say.

Since 1949, it has resolved 17 of 23 border disputes, offering concessions in 15 of those instances and, over all, receiving less than half of the contested territory, said M. Taylor Fravel, an associate professor of political science at M.I.T. The compromises have generally come at times of regime instability, when the Communist Party has felt threatened by external or internal forces, he added.

The big question, then, is whether Chinese leaders will continue to show flexibility on border issues as China becomes a greater world power, and as it stamps out internal threats.

China's maritime disputes have proven harder to settle than those on land. In the resource-rich seas to its east and south, China is trying to assert control of various islands -- most notably the Spratly, Paracel and Senkaku or Diaoyu Islands -- that are also claimed in whole or in part by other Asian countries. In March, official Chinese news organizations reported that the government intended to send six more patrol vessels to the South China Sea in the next three to five years.

Even the United States has run directly afoul of China's maritime border claims: On March 8, five Chinese vessels harassed an American surveillance ship in what Pentagon officials said are international waters. The Chinese insisted that the American ship, the Impeccable, was conducting illegal surveillance in waters under their jurisdiction.

Dennis C. Blair, the national intelligence director, told Congress that China's general behavior in the South China Sea was ''more military, aggressive, forward-pushing than we saw a couple of years before.''

This all speaks to how a bolder, brasher China might handle issues of sovereignty and territory, comparisons to Abraham Lincoln notwithstanding.

''The biggest unknown is how a stronger China will behave in its outstanding disputes,'' Mr. Fravel said. ''When it has compromised in the past, mostly in disputes on its land border, it was a relatively weak state. The question now becomes: how will a stronger China behave in its remaining territorial disputes over maritime sovereignty and with India?''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** November 14, 2009

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: Devotees of the Dalai Lama, the Tibetan spiritual leader, caught a last glimpse of him on Thursday as he left Tawang in India.(PHOTOGRAPH BY MANISH SWARUP/ASSOCIATED PRESS)

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

68 of 100 DOCUMENTS

The New York Times

November 14, 2009 Saturday

Late Edition - Final

**Obama Walks a Delicate Tightrope On His 1st Trip to China as President**

**BYLINE:** By DAVID BARBOZA

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 957 words

**DATELINE:** SHANGHAI

Against the backdrop of a tentative global recovery, President Obama and China's leaders will meet in Beijing next week to discuss how to improve relations between the world's reigning economic superpower and its greatest challenger.

Among the most contentious issues will be currency. Washington believes China's currency, the renminbi, is undervalued, giving Chinese exporters an unfair advantage. Beijing worries that the dollar is depreciating too quickly, threatening to erode the value of China's huge holdings of United States Treasury bills.

During meetings on Tuesday and Wednesday, President Obama is expected to press Beijing to allow its currency to rise, ending an effective peg to the dollar.

President Hu Jintao of China is expected to politely decline, insisting that exchange rate reform will come in due time.

Instead, as China has increasingly done publicly, he will suggest that Washington get its fiscal house in order and control its ballooning debt.

''This currency issue feeds into domestic politics in both countries,'' says Eswar Prasad, a senior fellow at the Brookings Institution. ''President Obama needs to bring up the issue. But the problem is he has few levers.''

Many analysts say China will move to a more flexible currency, just not now.

Beijing, they say, is already convinced that exchange rate reform offers benefits. It would, for example, give the government greater control over monetary policy.

It also would lower the cost of imports, help restructure the Chinese economy, and aid it in building a consumer-oriented economy rather than one so heavily dependent on exports.

''It's time for China to make structural adjustments and move out of low-value-added, heavily polluting industries,'' says Fred Hu, a managing director at Goldman Sachs.

Still, analysts say currency appreciation won't occur to any significant degree until the middle of next year, largely because too many jobs are at stake. But China's hand could be forced if the dollar continued to decline against other major currencies, dragging the Chinese currency down with it and making China's exports even more competitive, says Nicholas R. Lardy, a senior fellow at the Peterson Institute for International Economics in Washington.

Governments in Asia, Latin America and the European Union are already alarmed by the cheap renminbi and say it is hurting domestic manufacturers.

President Obama's first trip to China comes at a time when United States unemployment is at a 26-year high. American labor unions, one of the president's major constituencies, are pressing for sanctions against China. While the administration has tried to maintain a hard-nosed but civil stance toward China, it has also slapped Beijing with sanctions that the Bush administration chose to eschew.

But even Mr. Hu, head of a nominally communist nation, faces challenges at home. Although China's economy is growing at a robust 8 percent, and according to many economists, leading the world out of recovery, China's exports have plummeted by more than 20 percent this year and at least 20 million factory jobs have been lost in the coastal provinces.

Beijing doesn't want to bring more harm to its huge migrant work force by letting the renminbi rise and with it the cost of Chinese goods aboard.

Also, China's leaders generally don't like to appear to be bending to pressure from the West.

Washington's strongest levers to move Beijing -- the threat of sanctions -- could backfire, analysts say, stoking trade wars and perhaps leading China to slow its purchases of United States Treasury bills. Such an action alone could lead to a run on the world's reserve currency.

''This is the power the Chinese have right now,'' says Mr. Prasad at Brookings.

The Obama administration seems to recognize how delicate the situation has become. Since taking office, Mr. Obama has been reluctant to publicly assail China on its currency.

Indeed, in its report to Congress last month, the Treasury department declined to cite China as a currency manipulator, which, under the law, could lead to trade sanctions.

Recently, the administration has signaled a tougher approach by imposing punitive tariffs against Chinese tires and steel pipes.

There is common agreement, though, on some of the most pressing challenges facing the two countries.

The United States and China seem to agree that global imbalances pose a serious threat to economic stability, and that each nation must change course.

Americans need to save more and China needs to consume more, and restructure its economy in a way that will prevent it from building up huge trade surpluses and then accumulating huge foreign exchange reserves.

Richard Portes, who teaches economics at the London Business School, says this was at the heart of the global economic collapse.

But moving to a more flexible exchange rate in China is one of the instruments that many analysts say is necessary to get there.

Some progress has already been made, experts say, because of slowing demand for imports and Chinese efforts to bolster consumption.

Weijian Shan, a partner at TPG Capital, the investment firm, says it is in China's best interest to make its exchange rate more flexible and to push ahead with reforms that can help eliminate imbalances within its own economy.

He says China's economy is too heavily focused on fixed-asset investments and exports. Raising the value of the Chinese currency should discourage exports and encourage a move toward domestic consumption and the creation of higher-value goods.

''Revaluation in an orderly way is good for China,'' Mr. Shan says. ''America doesn't need to put pressure. China knows about it. And in my view it's going to happen.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** November 14, 2009

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: Washington believes China's currency, the renminbi, is undervalued, while China says the dollar is depreciating too quickly.(PHOTOGRAPH BY ASSOCIATED PRESS)(B4) CHART: PIGGYBACKING ON THE WEAK DOLLAR: Since much of the world fell into recession, China has kept the renminbi effectively constant against the dollar.(Source: Bloomberg)

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

69 of 100 DOCUMENTS

The New York Times

October 14, 2009 Wednesday

Late Edition - Final

**People's Republic of Exports**

**BYLINE:** By DAVID BARBOZA

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1540 words

**DATELINE:** SHANGHAI

With the global recession making consumers and businesses more price-conscious, China is grabbing market share from its export competitors, solidifying a dominance in world trade that many economists say could last long after any economic recovery.

China's exports this year have already vaulted it past Germany to become the world's biggest exporter. Now, those market share gains are threatening to increase trade frictions with the United States and Europe. The European Commission proposed on Tuesday to extend antidumping duties on Chinese, as well as Vietnamese, shoe imports.

China is winning a larger piece of a shrinking pie. Although world trade declined this year because of the recession, consumers are demanding lower-priced goods and Beijing, determined to keep its export machine humming, is finding a way to deliver.

The country's factories are aggressively reducing prices -- allowing China to gain ground in old markets and make inroads in new ones.

The most striking gains have come in the United States, where China has displaced Canada this year as the largest supplier of imports.

In the first seven months of 2008, just under 15 percent of American imports came from China. Over the same period this year, 19 percent did. Meanwhile, Canada's share of American imports fell to 14.5 percent, from nearly 17 percent.

Besides increasing its share of many American markets, China is increasing the value of exports in absolute terms in some categories. In knit apparel, for instance, American imports from China jumped 10 percent through July of this year -- while America's imports from Mexico, Honduras, Guatemala and El Salvador plunged 19 to 24 percent in each country, according to Global Trade Information Services.

Indeed, China's said Wednesday that its export slump eased in September, down just 15 percent, a strong improvement over August's decline. Economists said it was a sign of an improving global economy and renewed strength for Chinese exporters.

A similar tale is told around the world, from Japan to Italy.

One reason is the ability of Chinese manufacturers to quickly slash prices by reducing wages and other costs in production zones that often rely on migrant workers. Factory managers here say American buyers are demanding they do just that.

''The buyers are getting more and more tough in bargaining for lower prices, especially American buyers,'' says Liao Yuan, the head of international trade at the Changrun Garment Company, which is based in southern China and exports jeans to Europe and the United States. ''They offer $2.85 per pair of jeans for a package of a dozen, when the reasonable price is $7.''

Because China produces a diversified portfolio of low-priced and essential items, analysts say the country's exports can hold up relatively well in a recession. Few other countries can match what has come to be called the ''China Price.''

''China has a huge advantage,'' says Nicholas R. Lardy, an economist at the Peterson Institute for International Economics in Washington. ''They can adjust to market changes very rapidly. They have flexibility in their labor markets. And as consumers trade down the quality ladder, China can benefit.''

The expiration of textile quotas in large parts of the world this year has also allowed China to increase its market penetration.

But equally important are government policies that support this country's export sector -- from Beijing keeping its currency weak against the dollar to its determination to subsidize exporters through tax credits and billions of dollars in low-interest loans from state-run banks.

The results have been impressive. All told, in the first half of 2009, China exported $521 billion worth of clothes, toys, electronics, grains and other commodities to the rest of the world.

Though that represented a 22 percent decrease from the first half of 2008, it compares favorably to other major exporters. German exports have fallen 34 percent over the same period. Japanese exports were down 37 percent and American exports 24 percent, according to Global Trade Information Services.

Trading powerhouses like Germany are suffering from weaker demand for heavy equipment, automobiles and luxury goods. But the value of exports from oil-producing countries, like Russia and Saudi Arabia, has fallen even more.

One reason is that the price of oil has plummeted from last year's record highs. But since oil is priced in dollars and the value of the dollar has fallen markedly, so have the value of American imports from these countries -- over 45 percent in the case of Russia's exports to the world.

Meanwhile, American imports from Saudi Arabia have fallen 65 percent.

China's market share gains are mostly at the expense of countries like Japan, Italy, Canada, Mexico and Central America -- in industries that China has long sought to dominate.

China's share of furniture imports in the United States has grown to 54 percent, from 50 percent, over the last year, while furniture exports to the United States from Canada and Italy have plunged 40 percent from a year ago. In Europe, Chinese textiles and apparel have gained market share in every major country, after the quota expiration in January. Not long ago, Italy's shoe imports were dominated by Romania; now China has a commanding share.

Japan once relied on electronics shipments to the United States, but every year for the past decade Japan has lost market share to China. This year is no different. In 1999, electronics goods from Japan made up 18 percent of America's electronics imports. Today, that figure is down to 7 percent.

China's market share has climbed 10 to 20 percent from a year ago. Together, the gains are helping China maintain its large trade surplus with the rest of the world, reviving worries about global trade imbalances -- and once again putting the spotlight on China's currency, the renminbi. Specialists note, however, that much of China's gains stem from the fact that it is increasingly assembling products whose components are made elsewhere, and re-exporting them.

After letting its currency rise against the dollar, beginning in July 2005, China is once again pegging it closely to the dollar. As the dollar has fallen against other major currencies like the euro -- about 15 percent since a year ago -- Chinese imports have become more and more competitive.

Now, European officials are clamoring for China to reduce its flood of exports and pressing for antidumping investigations.

The International Monetary Fund is calling on China to rebalance its economy and allow its currency to appreciate against other major currencies.

The United States -- which for years complained about China's weak currency and soaring trade imbalances -- has largely been silent in recent months, analysts say, partly because Washington is trying to improve relations with Beijing at a time when it desperately needs China to purchase American debt.

''Obama's interest is not to push China to appreciate the currency, but to get them to pay the bills,'' Dong Tao, an economist at Credit Suisse says, referring to China's purchases of American debt.

For its part, Beijing worries that raising the value of its currency could be catastrophic, damaging exports and diluting the effect of the government's aggressive stimulus package.

But the country's leaders are well aware of the need to shift the economy away from heavy dependence on exports and toward stronger domestic consumption. Indeed, China is eager to move up the value chain, by selling higher-priced goods like computer chips, aircraft and pharmaceuticals -- all of which would bring better-paying jobs and healthier economic growth.

Moreover, many economists say that as Chinese consumers become richer, they will buy more of their own goods. And as the dollar falls, it will make American exports more competitive globally, including in China. Those trends together could eventually help rebalance global trade -- which became overly reliant on Americans buying cheap Chinese goods and China buying American debt. Right now, Beijing worries about growing trade frictions with its biggest trading partners, the European Union and the United States, and the possibility of some countries initiating protectionist measures.

Chinese exporters, meanwhile, fear that even as they gain market share the pressure to produce at low prices will hurt them and the quality of their products.

Ms. Liao at the Changrun factory says many producers are essentially scavenging to source raw material.

''Some even go to old factories to collect abandoned fabrics from old stock, so they can save two-thirds of the cost on raw material,'' she says. ''These fabrics are in very bad shape. They won't wash, and easily wear out.''

But the discounting period may be here for a while with many economists forecasting a lengthy period of slow growth in Europe and the United States.

''China is going to get stronger,'' Mr. Tao at Credit Suisse says. ''Its competitors are getting weaker in the downturn. And the Chinese state has helped bail out some industries, like the auto industry; so in the future some new industries may emerge as exporters.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** October 14, 2009

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTOS: A seamstress in Anhui province in China. The recession has increased demand for low-cost goods, playing to China's hand.(PHOTOGRAPH BY JIANAN YU/REUTERS)(pg. B1)

The container terminal at Yingkou, in northeast China. The country's grip on world trade has strengthened, increasing trade frictions with the United States and Europe.(PHOTOGRAPH BY EUROPEAN PRESSPHOTO AGENCY)(pg. B8) CHART: Holding Up Better: The global financial slowdown has affected all of the largest exporters . . .

But it has affected China less than the others.(Source: Global Trade Atlas)(pg. B8)

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

70 of 100 DOCUMENTS

The New York Times

September 14, 2009 Monday

Late Edition - Final

**China Moves To Beat Back A Tire Tariff**

**BYLINE:** By KEITH BRADSHER

**SECTION:** Section A; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1185 words

**DATELINE:** HONG KONG

China unexpectedly increased pressure Sunday on the United States in a widening trade dispute, taking the first steps toward imposing tariffs on American exports of automotive products and chicken meat in retaliation for President Obama's decision late Friday to levy tariffs on tires from China.

The Chinese government's strong countermove followed a weekend of nationalistic vitriol against the United States on Chinese Web sites in response to the tire tariff. ''The U.S. is shameless!'' said one posting, while another called on the Chinese government to sell all of its huge holdings of Treasury bonds.

The impact of the dispute extends well beyond tires, chickens and cars. Both governments are facing domestic pressure to take a tougher stand against the other on economic issues. But the trade battle increases political tensions between the two nations even as they try to work together to revive the global economy and combat mutual security threats, like the nuclear ambitions of Iran and North Korea.

Mr. Obama's decision to impose a tariff of up to 35 percent on Chinese tires is a signal that he plans to deliver on his promise to labor unions that he would more strictly enforce trade laws, especially against China, which has become the world's factory while the United States has lost millions of manufacturing jobs. The trade deficit with China was a record $268 billion in 2008.

China had initially issued a fairly formulaic criticism of the tire dispute Saturday. But rising nationalism in China is making it harder for Chinese officials to gloss over American criticism.

''All kinds of policymaking, not just trade policy, is increasingly reactive to Internet opinion,'' said Victor Shih, a Northwestern University specialist in economic policy formulation.

Eswar Prasad, a former China division chief at the International Monetary Fund, said that rising trade tensions between the United States and China could become hard to control. They could cloud the Group of 20 meeting of leaders of industrialized and fast-growing emerging nations in Pittsburgh on Sept. 24 and 25, and perhaps affect Mr. Obama's visit to Beijing in November.

''This spat about tires and chickens could turn ugly very quickly,'' Mr. Prasad said.

China exported $1.3 billion in tires to the United States in the first seven months of 2009, while the United States shipped about $800 million in automotive products and $376 million in chicken meat to China, according to data from Global Trade Information Services in Columbia, S.C.

For many years, American politicians have been able to take credit domestically for standing up to China by taking largely symbolic measures against Chinese exports in narrowly defined categories. In the last five years, the Commerce Department has restricted Chinese imports of goods as diverse as bras and oil well equipment.

For the most part, Chinese officials have grumbled but done little, preferring to preserve a trade relationship in which the United States buys $4.46 worth of Chinese goods for every $1 worth of American goods sold to China.

Now, the delicate equilibrium is being disturbed.

China's commerce ministry announced Sunday that it would investigate ''certain imported automotive products and certain imported chicken meat products originating from the United States'' to determine if they were being subsidized or ''dumped'' below cost in the Chinese market. A finding of subsidies or dumping would allow China to impose tariffs on these imports.

The ministry did not mention the tire dispute in its announcement, portraying the investigations as ''based on the laws of our country and on World Trade Organization rules.''

But the timing of the announcement -- on a weekend and just after the tire decision in Washington -- sent an unmistakable message of retaliation. The official Xinhua news agency Web site prominently linked its reports on the tire dispute and the Chinese investigations.

The commerce ministry statement, posted on its Web site, also hinted obliquely at the harm that a trade war could do while Western nations and Japan struggle to emerge from a severe economic downturn. ''China is willing to continue efforts with various countries to make sure that the world economy recovers as quickly as possible,'' the statement said.

The Chinese government sometimes organizes blog postings to defend its own policies. But some postings on the tire decision have been implicitly critical of the Chinese government, making it unlikely that they are part of an orchestrated effort.

''Why did our government purchase so much U.S. government debt?'' said one posting signed by a ''Group of Angry Youths.'' It continued, ''We should get rid of all such U.S. investments.''

China has accumulated $2 trillion in foreign reserves, mostly in Treasury bonds and other dollar-denominated assets, and held down the value of its currency, which has kept Chinese goods quite inexpensive in foreign markets. China's exports have soared -- China surpassed Germany in the first half of this year as the world's largest exporter -- while China's imports have lagged, except for commodities like iron ore and oil that China lacks.

Worries that China might sell Treasury bonds -- or even slow down its purchases of them -- have been a concern for the Bush and Obama administrations as they have tried to figure out how to address China's trade and currency policies.

At the same time, the Chinese economy relies heavily on exports to the United States, while the American economy is much less dependent on exports in the other direction. Exports to the United States, at 6 percent of China's entire economic output, account for 13 times as large a share of the Chinese economy as exports to China represent for the United States economy.

Carol J. Guthrie, a spokeswoman for the Office of the United States trade representative, said that the United States wanted to avoid disputes with China and continue talks, but would look at any Chinese trade decisions for whether they comply with W.T.O. rules.

Products involved in trade disputes between the United States and China together make up only a minuscule sliver of the two countries' trade relationship.

The bigger risk for China, economists and corporate executives have periodically warned, is that trade frictions could cause multinationals to rethink their heavy reliance on Chinese factories in their supply chains. The Chinese targeting of autos and chickens affects two industries that may have the political muscle in the United States to dissuade the Obama administration from aggressively challenging China's policies.

General Motors sees much of its growth coming from its China subsidiary, the second-largest auto company in China after Volkswagen. And the farm lobby in the United States has long pressed for maximum access to a market of 1.3 billion mouths.

But spotlighting automotive trade may be risky for China. G.M. and Ford both rely mostly on local production to supply the Chinese market, while China is rapidly increasing auto parts shipments to the United States.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** September 14, 2009

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: China may move against new U.S. tariffs on tires with duties on chickens and car parts. Above, a chicken farm in Arkansas.(PHOTOGRAPH BY JOHN LOOMIS FOR THE NEW YORK TIMES)(A3) CHART: Trading Inequality: United States imports from China dwarf its exports.(Source: Census Bureau, via CEIC Data)(A3)

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

71 of 100 DOCUMENTS

The New York Times

August 22, 2009 Saturday

Late Edition - Final

**Tension Increases as China And Australia Grow Closer**

**BYLINE:** By MICHAEL WINES

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 8

**LENGTH:** 748 words

**DATELINE:** BEIJING

China's diplomatic relationship with Australia, so recently flourishing despite occasional spats, this month has taken a severe turn toward the governmental equivalent of thrown dinner plates.

Public exchanges between the nations, already testy after China's detention of four employees of the British-Australian mining giant Rio Tinto, grew sharper when Australia granted a visa to Rebiya Kadeer, the American-based rights advocate for China's Muslim Uighur minority. Ms. Kadeer was accused by Chinese officials of plotting riots last month in China's Xinjiang region.

The Australians recalled their Chinese ambassador to the capital, Canberra, for talks on Wednesday, after a week in which Beijing's state-controlled news media excoriated Australia's ''Sinophobic politicians'' and suggested that China's billions were better spent trading with friendlier nations.

The Chinese also canceled planned visits by Vice Premier Li Keqiang, the heir apparent to Prime Minister Wen Jiabao, and the vice foreign minister, He Yafei, who was supposed to attend a meeting of Asian nations. Columnists in the Chinese press have also advocated limiting Chinese tourism in Australia and curbing the number of Chinese students studying there.

Australia's prime minister, Kevin Rudd, countered that the nations' relationship is always ''full of challenges'' and that their broader ties will endure. ''We share enormous common interests with our friends in China, but we have continuous differences,'' he was quoted as saying.

Hardly all Australians are persuaded. ''I really don't think there's anything that Australia can do,'' J. Bruce Jacobs, a China specialist at Monash University in Australia, said of the tiff. ''The Chinese seem to have various people they like to pick on -- the French, because of the Dalai Lama, and us, because of Kadeer. I think all of this is driven by political imperatives within China.''

Mr. Jacobs was referring to China's decision to boycott a European Union summit meeting last December because the union's leader then, President Nicolas Sarkozy of France, planned to meet the Dalai Lama, the spiritual leader of Tibetans. The Chinese accuse the Dalai Lama of plotting to split Tibet from China.

In the latest case, China sought this month to keep Australia from granting Ms. Kadeer a visa to attend the screening of a film about her life, then tried to prevent her from making a speech to the National Press Club.

They were further examples of how Australians and Chinese have chafed at their inexorably growing ties. Trade between China and Australia has grown sevenfold this decade, making China Australia's largest trading partner. Chinese investment in Australia, while still small compared with its investment in the United States, is mushrooming.

But Australians worry that Chinese investment is directed at their vast natural resources, turning them into a sort of open-pit mine for Chinese interests.

Mr. Rudd, who is fluent in Mandarin and was once an Australian diplomat in Beijing, has advocated deeper cooperation with China in global economic forums and with President Obama.

Despite that, the relationship has foundered lately on two issues that frequently divide Beijing and the West: Chinese industrial policy and human rights.

Many Chinese expressed frustration this summer after the collapse of a deal for a state-owned company to acquire a 19 percent stake in Rio Tinto, a crucial supplier of iron ore to China's steel mills. Although economic factors stopped the deal, domestic suspicion of China's intentions toward an Australian corporate icon was an undercurrent in the talks.

Relations deteriorated further in July after China arrested four Rio Tinto employees involved in iron-ore sales on espionage charges, accusing them of stealing state secrets about ore pricing. The Chinese later decided to pursue only lesser charges, but outraged Australians -- including Mr. Rudd -- warned that the prosecution would threaten China's commercial relations with the outside world.

In Beijing, one political analyst said Friday that the rift was unlikely to cause lasting damage to Chinese-Australian relations.

''The mainstream of the two countries' relationship remains stable and friendly, even though there are some kinds of problems,'' said the analyst, Su Hao, director of the Center for Strategic and Conflict Management at China Foreign Affairs University in Beijing. The current spats, he said, are ''technical'' issues.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** August 22, 2009

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

72 of 100 DOCUMENTS

The New York Times

July 13, 2009 Monday

Late Edition - Final

**China's Detention of Mining Executives Rattles Its Global Industrial Partnerships**

**BYLINE:** By DAVID BARBOZA

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 6

**LENGTH:** 1184 words

**DATELINE:** SHANGHAI

On July 5, officials from China's Ministry of State Security took four employees of the Anglo-Australian mining giant Rio Tinto into custody here.

Rio Tinto was not told what happened to the employees; neither were their families. One of the four was a high-ranking executive and an Australian citizen. But the Australian government was also in the dark.

A few days later, only after Rio Tinto had issued a public statement that said the company did not know why the four had been detained, did an answer come from Beijing: they were being held on charges of stealing state secrets, spying on China and harming the country's interests.

The allegations, which may be rooted in a pricing dispute, have rocked the global iron ore industry, strained China-Australia relations and could have a chilling effect on foreign businesses doing deals in China. Companies with operations here have been closely watching the case.

''It is a concern for Australians and other foreign businesspeople working in China that this could happen,'' Chris Bowen, Australia's financial services minister, said Sunday on Australia Channel 10's ''Meet the Press'' program.

''It should also be a concern for the Chinese government,'' he said. ''If foreign businesses feel that the degree of uncertainty is high, it will change the way that foreign businesses around the world approach business in China and approach the placement of executives in China.''

Foreign lawyers here said China's behavior might also invite retaliation, hurting efforts by Chinese companies to invest abroad. Steve Dickinson, a lawyer for Harris & Moure PLLC, said Sunday in a telephone interview from Qingdao that the Rio Tinto case was likely to slow or stall Chinese corporate expansion plans not only in Australia but perhaps the United States and Europe.

Australian officials have complained about the detentions (three of those held are Chinese citizens), and the lack of formal charges. Over the weekend, Australia's minister of foreign affairs, Stephen Smith, asked for more details on the case.

Analysts now say they believe the detentions are tied to an increasingly contentious business quarrel over the price of iron ore, an essential steelmaking ingredient and therefore crucial in China's rapidly ascendant economy, affecting everything from housing costs to auto prices.

Legal experts say that may be why Beijing says the case involves state secrets.

As the world's biggest consumer of iron ore, China is highly dependent on mining companies like Rio Tinto, which in the past decade have amassed huge profits in China. That dependence, analysts say, has rankled China's huge state-controlled steel industry.

''Chinese steel mills feel vulnerable,'' said Jim Lennon, a London-based steel analyst at Macquarie Group. ''They are the growing demand in the world. They want to lock in sources of supply. And yet, in the worst ever economic downturn, the annual benchmark price is the second-highest it's ever been.''

Beijing has not said the detentions are tied to iron ore negotiations. But last Friday, China's state controlled media said investigators had evidence that the Rio Tinto employees had passed confidential documents that would have given the company an edge in the negotiations.

''China's meeting memos were secretly leaked to Rio Tinto,'' The Economic Observer, a state-controlled Chinese newspaper, reported Friday. ''That included China's bottom-line iron ore price and every steelmaker's inventory, production cost, schedule and manufacturing details.''

The arrests of the four employees came just weeks after China and the three big iron ore producers -- Rio Tinto, BHP Billiton and Vale Do Rio Doce of Brazil -- failed to reach an agreement on a price for long-term supplies. Stern Hu, the Australian executive detained by China, was one of Rio Tinto's top price negotiators.

This year, Chinese steel mills had been seeking a 40 to 45 percent cut from a year earlier. But seeing an economic recovery in sight, producers offered China the same 33 percent cut given to Japan. China rejected it. Now, the price of iron ore is climbing, and China's steel mills are being forced to pay a higher price.

Chinese steel executives feel particularly aggrieved because they agreed last year to an increase of up to 97 percent and then watched prices tumble with the global economy.

''This year, on the China side, the sentiment during the negotiations was soured by last year's huge loss,'' said Zhou Xizeng, a steel analyst at CITIC Securities. ''So China brought that irritation to the negotiation table, and they expected a much lower price.''

This is the way it has gone in recent years as China has been forced to pay for its voracious demand for raw materials.

Faced with these soaring costs, China has moved aggressively to acquire assets or invest in overseas mines in Africa, Latin America, Australia and elsewhere. Few resources are as vital to China as iron ore. But because 70 percent of the iron ore China imports comes from the three companies -- Rio Tinto, BHP Billiton and Vale -- Beijing has sought to devise a strategy to ensure cheaper supplies.

One way was to group steel mills together as a negotiating bloc. Another way was to play spoiler.

In 2007, when BHP Billiton tried to merge with Rio Tinto, Beijing raised objections and worried about an even greater concentration of market power (Rio Tinto rejected BHP's bid).

Then early last year, Chinalco, a big Chinese company, sought to acquire a stake in Rio Tinto. Later, when Rio's fortunes soured with the global economy, Chinalco sought a larger stake.

The entire deal was scuttled last month, however, after a growing number of Australians worried about giving China such control. Instead, Rio Tinto formed an alliance with BHP Billiton, the world's biggest mining company. Around the same time, Rio Tinto, BHP and Vale took a tougher line in the iron ore negotiations.

In years past, Chinese officials have complained about iron ore producers' ''manipulating the market'' and forcing prices higher.

Analysts say China's Steel and Iron Association, which represents the big steel mills, has repeatedly asked individual mills not to buy from Rio Tinto or other producers during negotiations, giving China an opportunity to secure a deal for lower prices. But time and again, analysts say, China's own steel makers, desperate for iron ore, buy it anyway.

Some Australian officials have suggested the detention of the four Rio Tinto employees is China's payback for Rio Tinto's decision to scrap the Chinalco investment or the breakdown in iron ore talks. Regardless of China's motive, some experts say the detentions are a public relations fiasco.

''China has been playing the big spender and hoping things would go their way, but things have not gone their way,'' said David Kelly, a professor of Chinese studies and the director of the China Research Center at the University of Technology in Sydney. ''So some people may be trying to save face because they didn't nail down the resources they should have nailed down.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** July 13, 2009

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTOS: Simon Crean, Australia's trade minister, left, and Kim Carr, minister for innovation, spoke to the news media in Shanghai. (PHOTOGRAPH BY KEVIN LEE/BLOOMBERG NEWS)

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

73 of 100 DOCUMENTS

The New York Times

July 7, 2009 Tuesday

Late Edition - Final

**In Step to Enhance Currency, China Allows Its Use in Some Foreign Payments**

**BYLINE:** By KEITH BRADSHER

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 3

**LENGTH:** 1201 words

**DATELINE:** HONG KONG

Banks in China and Hong Kong began wiring Chinese renminbi directly to one another on Monday to settle payments for imports and exports, as China took another step toward establishing the renminbi as a global currency -- and, eventually, an international alternative to the dollar.

China has tempered its recent calls for a global reserve currency other than the dollar going into a meeting of the world's major industrialized countries and biggest emerging economies in Italy on Thursday. He Yafei, China's vice foreign minister, said on Sunday that the dollar would remain the world's dominant currency for ''many years to come.''

But the Chinese government is accelerating the process of making its own currency, the renminbi, more readily convertible into other currencies, which gives it the potential over the long term to be used widely for trade and as a reserve currency.

The day that the renminbi is fully convertible -- more than a few years away, but perhaps less than a few decades -- will most likely signal a huge shift in global economic power, and a day of reckoning of sorts not just for China but also for the United States, which will no longer be able to run up huge debt without economic consequences.

Despite the slow, cautious pace at which China is moving, few experts on Chinese monetary policy doubt that the long-term direction of policy is toward strengthening the renminbi as an alternative to industrialized countries' currencies.

''To many minds here in China the U.S. dollar's time is almost up,'' wrote Stephen Green, an economist in the Shanghai offices of Standard Chartered, in a research note last Thursday. ''The euro zone suffers from political paralysis and a too-conservative central bank, while two decades of economic stagnation and a shrinking population do the yen no favors.''

For decades, China has shielded the renminbi behind high barriers. Authorities in Beijing prevented sizable amounts of the currency from building up beyond China's borders to allow them to control the exchange rate and tightly regulate the financial system.

By keeping the exchange rate low, China keeps its exports competitive.

But, as a result, almost all payments for China's imports and exports, as well as international investment in China and Chinese investment abroad, are made in dollars. Smaller sums cross China's borders as euros and yen, but seldom renminbi.

China is now starting to tear down these walls and free the renminbi -- a decision driven partly by recognition of China's rising role in the world economy and partly by disenchantment with the currencies and financial systems of the industrialized world during the current downturn.

''China definitely wants to reduce its dependence on the U.S. dollar,'' said Xu Xiaonian, an economist at the China Europe International Business School. ''Given the quantitative easing of the Fed and the risk of worldwide inflation, it is understandable why China would want to accelerate the convertibility of the renminbi.''

China's leaders tend to plan far ahead, however, and full convertibility for the renminbi is likely to take years, said three people who have discussed the issue with China's central bank policy makers. All three said that China's recently announced goal to turn Shanghai into an international financial center by 2020 meant that China probably wants a renminbi that is fully convertible into other currencies by then.

Full convertibility is necessary for other countries' central banks to hold renminbi in their foreign exchange reserves instead of the dollar, but not sufficient by itself. China also needs to show long-term economic and financial stability -- something it has demonstrated over the past year in greater abundance than most countries.

Currency specialists and economists estimate that China still holds close to three-quarters of its $2 trillion in foreign reserves in the form of dollar-denominated assets. But these holdings have nearly stopped growing since the global financial crisis began last September, as Chinese authorities have also shifted away from the longer-maturity bonds and the securities of government-sponsored enterprises like Fannie Mae, and toward shorter-dated securities, especially Treasury bills.

Zhou Xiaochuan, the governor of the People's Bank of China, called this spring for a greater role in the global financial system for special drawing rights, a unit of account used in dealings with the International Monetary Fund. But Mr. He, the vice foreign minister, said on Sunday that such discussions were an academic exercise.

Eswar S. Prasad, the former head of the I.M.F.'s China division, said that senior Chinese central bankers had told him that Mr. Zhou's suggestions about using special drawing rights as a kind of global currency were intended to stimulate debate, and that China's main goal is to enhance the role of its own currency.

''The Chinese authorities see full convertibility as a long-term objective, recognizing this is essential for the renminbi to become an international reserve currency,'' Mr. Prasad said.

Full convertibility of the renminbi is not an unalloyed benefit for China, because it would be harder, although not impossible, for China's central bank to continue controlling the currency's value in terms of the dollar. A sharp rise in the renminbi could drive thousands of export factories out of business and cause large-scale layoffs, which the Communist Party fears as potentially destabilizing. A more volatile currency would also require Chinese businesses to develop more sophistication in managing risk, and most likely involve losses along the way among those that fail to do so.

In the last several months, Beijing authorities have begun moving to let central banks from Argentina to Malaysia settle payments in renminbi with China's central bank. On Monday, the government moved gingerly toward allowing the private sector to handle more renminbi beyond mainland China's borders.

The new program is restricted to companies in Shanghai and in the biggest cities of Guangdong Province, a center of exports next door to Hong Kong. Companies in these cities are now eligible to send or receive payments in renminbi with customers or suppliers in Hong Kong, Macao and Southeast Asia.

Chinese exporters have been eager to see the renminbi used more widely for trade -- particularly after many suffered losses a year ago, when the Chinese authorities allowed the renminbi to rise 8 percent against the dollar from December 2007 until the exchange rate was frozen through market interventions in late July 2008. That rise in the renminbi hurt Chinese companies that had signed contracts to export goods for payments in dollars, only to find that those dollars did not go as far as they hoped in covering expenses incurred in renminbi.

''Expanding the renminbi usage area and making it more flexible is great news as we sell a lot to various countries overseas -- this should also remove the risks associated with currency fluctuations,'' said Wang Yapeng, a sales manager at Shanghai Electric International Economic and Trading Company Ltd., which exports a wide range of machine parts.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** July 7, 2009

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: China's long-term policy is to strengthen the renminbi as an alternative to the currencies of other industrialized countries. (PHOTOGRAPH BY LIU JIN/AGENCE FRANCE-PRESSE -- GETTY IMAGES)

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

74 of 100 DOCUMENTS

The New York Times

July 1, 2009 Wednesday

The New York Times on the Web

**As Iraq Stabilizes, China Bids on Its Oil Fields**

**BYLINE:** By KEITH BRADSHER

**SECTION:** Section ; Column 0; Foreign Desk; Pg.

**LENGTH:** 1286 words

**DATELINE:** HONG KONG

Oil companies from China, the world's second-largest and fastest-growing consumer of oil, bid aggressively on Tuesday as Iraq began auctioning licenses in six large oil fields.

A partnership of BP and the China National Petroleum Corporation, or C.N.P.C., won the first contract awarded, in the latest indication of Chinese interest in Iraq, a country that has until recently seemed to be firmly in the American sphere of influence for natural resources.

In another sign of China's interest in Iraqi oil fields, Sinopec, China's refining giant, offered $7.22 billion last week to buy Addax Petroleum, a Swiss-Canadian company with operations in the Kurdistan region of Iraq and in West Africa. If Addax's shareholders and Canadian regulators approve the deal, which Addax's board is recommending, it would be China's largest overseas energy acquisition.

Sinopec's rival, the China National Petroleum Corporation, started drilling in the spring in the Ahdab oil field in southeastern Iraq. China's three main oil companies -- Sinopec, C.N.P.C. and the China National Offshore Oil Corporation -- all bid in various combinations with Western multinationals on Tuesday in Baghdad, although further negotiations remain to iron out the details of each of their contracts.

It is common in the oil industry for initial auction results to be followed by weeks of dickering over details. But the bidding in Baghdad on Tuesday was particularly contentious, as multinationals demanded that the Iraqi government allow them to keep more of the revenue from each extra barrel of oil they pump beyond levels previously sustained by Iraq's chronically corrupt and technologically weak national oil industry.

Few Americans or Iraqis may have expected China to emerge as one of the winners in Iraqi oil, particularly after six years of war. But signs of stability in Iraq this year, and a planned American military pullout from Iraqi cities on Tuesday, happened to coincide with an aggressive Chinese push to buy or develop overseas oil fields.

The Chinese companies ''have been interested in Iraq,'' said David Zweig, a specialist in Chinese natural resource policies at the Hong Kong University of Science and Technology. ''They were interested in Iraq before the war, and now that things have improved somewhat there, it's on their agenda.''

Some experts contend that the West should not be concerned about a substantial Chinese presence in Iraqi oil fields, because it gives China greater stake in improving stability in the region.

''If you want China to be a responsible stakeholder in the world, you need to let China buy stakes in the world,'' said Mark P. Thirlwell, the program director for international economics at the Lowy Institute for International Policy in Sydney, during a speech in Hong Kong on Tuesday.

The Iraqi government originally tried last year to award oil fields to Western companies through a no-bid process. That prompted objections from a group of United States senators, who wanted greater transparency, and the plan was replaced with the auction, which had the effect of letting Chinese companies play a much larger role.

China's leaders were surprised by the steep rise in commodity prices early last year, which exposed the vulnerability of their country's huge manufacturing sector to high raw material prices. When oil prices plunged in the autumn, China began buying, importing and storing oil in huge quantities, helping to drive a partial rebound in world oil prices in spring. And China stepped up its hunt to acquire foreign oil.

Chinese officials, economists and advisers have been almost unanimous in recent weeks in saying that their country needed to invest more in natural resources, while also voicing concerns about the long-term creditworthiness of the United States and the buying power of the dollar.

China has $2 trillion in foreign exchange reserves, mostly invested in dollar-denominated bonds, and has been looking for ways to diversify gradually into other assets like commodities, said a Chinese government adviser who spoke on the condition of anonymity because of the secrecy of Chinese reserve policies.

China's central bank, the People's Bank of China, called Friday for the development of an international currency other than the dollar that would be a safe repository of value, in the latest sign of China's search for other ways to invest its international reserves.

Philip Andrews-Speed, a specialist in China's oil industry at the University of Dundee in Scotland, said Iraq was clearly attractive for China and its oil industry.

''All, or nearly all, oil companies who have the courage want to be in Iraq because of the large size of the proven resource base and the potential for new discoveries,'' he wrote in an e-mail message. ''So, in this respect, the Chinese are part of the herd.''

Chinese oil companies have been particularly interested in buying oil fields ever since crude prices plunged late last summer, because that dragged down the cost of the fields as well, Mr. Andrews-Speed wrote. And with their experience in some of the most turbulent countries in Africa, Chinese oil companies may have the ability to cope with the unpredictability of Iraq.

''They may be no more competent at managing these risks than other companies, but they do seem to be prepared to accept a higher level of risk,'' he wrote, citing China's willingness to do business in Sudan.

Chinese companies have suffered a series of setbacks in their efforts to buy natural resources companies in industrialized countries, from Cnooc's unsuccessful bid for Unocal in the United States four years ago to Chinalco's failed attempt this spring to acquire a $19.5 billion stake in Rio Tinto of Australia.

Those setbacks, driven partly by political objections in Washington to the Unocal transaction and in Canberra to the Rio Tinto deal, have forced Chinese companies to show more interest in resources in less stable countries like Iraq.

''It's really hard for them to do anything in the developed world, including Australia,'' Mr. Thirlwell said in an interview on Tuesday.

Driving China's interest is the country's voracious thirst for oil. As recently as the early 1990s, China was a net exporter of oil because of production mainly from aging oil fields in the northeastern corner of the country.

But China's oil consumption has soared since then, thanks to an economic boom and climbing car sales that have produced traffic jams in big cities. China surpassed the United States this year as the world's largest car market, partly because China has weathered the global economic downturn better than the United States; China's oil consumption reached 8 million barrels a day last year, up from 4.9 million in 2001, according to a statistical review from BP, the British oil company.

Oil production has grown much more slowly, as older oil fields have run dry. New fields, either offshore or in western China, have barely replaced them. China produced 3.8 million barrels a day of oil last year, up from 3.3 million barrels per day in 2001, which still left the country dependent on imports for more than half its oil.

Iraq has the world's third-largest proven reserves, after Saudi Arabia and Iran. Many geologists say that the true oil resources of Iraq are even greater than official statistics suggest, because Iraq's oil industry has suffered from decades of disruption and underinvestment. Many oil fields have not been fully explored as a result.

Addax has oil licenses in two oil fields in northern Iraq, the Taqtaq and Sangaw North fields, both near Kirkuk, and its drilling has already struck large quantities of oil repeatedly in the Taqtaq field.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** July 1, 2009

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

75 of 100 DOCUMENTS

The New York Times

June 30, 2009 Tuesday

Late Edition - Final

**As Iraq Stabilizes, China Eyes Its Oil Fields**

**BYLINE:** By KEITH BRADSHER

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 8

**LENGTH:** 935 words

**DATELINE:** HONG KONG

As the world's second-largest and fastest-growing consumer of oil, China is showing increasing interest in oil fields in a country that has until very recently seemed to be firmly in the American sphere of influence for natural resources: Iraq.

Chinese oil companies are expected to bid for the rights to develop Iraq's oil fields in auctions that are set to start Tuesday, although Sinopec, the China National Petroleum Corporation and the China National Offshore Oil Corporation all declined to comment Monday about their bidding strategies.

In another sign of China's interest in Iraqi oil fields, Sinopec, China's refining giant, offered $7.22 billion on Wednesday to buy Addax Petroleum, a Swiss-Canadian company with operations in the Kurdistan region of Iraq and in West Africa. If Addax's shareholders and Canadian regulators approve the deal, which Addax's board is recommending, it would be China's largest overseas energy acquisition.

And Sinopec's archrival, the China National Petroleum Corporation, or C.N.P.C., started drilling in spring in the Ahdab oil field in southeastern Iraq.

After six years of war, few Americans or Iraqis may have expected China to emerge as one of the winners in Iraqi oil. But signs of stability in Iraq this year, and a planned American military pullout from Iraqi cities on Tuesday, just happen to coincide with an aggressive Chinese push to buy or develop overseas oil fields.

The Chinese companies ''have been interested in Iraq,'' said David Zweig, a specialist in Chinese natural resource policies at the Hong Kong University of Science and Technology. ''They were interested in Iraq before the war, and now that things have improved somewhat there, it's on their agenda.''

China's leaders were surprised by the steep rise in commodity prices early last year, which exposed the vulnerability of their country's huge manufacturing sector to high raw material prices. When oil prices plunged in autumn, China began buying, importing and storing oil in huge quantities, helping to drive a partial rebound in world oil prices in spring. And China stepped up its hunt to acquire foreign oil.

Chinese officials, economists and advisers have been almost unanimous in recent weeks in saying that their country needed to invest more in natural resources, while also voicing concerns about the long-term creditworthiness of the United States and the buying power of the dollar. China has $2 trillion in foreign exchange reserves, mostly invested in dollar-denominated bonds, and has been looking for ways to diversify gradually into other assets like commodities, said a Chinese government adviser who spoke on the condition of anonymity because of the secrecy of Chinese reserve policies.

China's central bank, the People's Bank of China, called Friday for the development of an international currency other than the dollar that would be a safe repository of value, in the latest sign of China's search for other ways to invest its international reserves.

Philip Andrews-Speed, a specialist in China's oil industry at the University of Dundee in Scotland, said Iraq was clearly attractive for China and its oil industry.

''All, or nearly all, oil companies who have the courage want to be in Iraq because of the large size of the proven resource base and the potential for new discoveries,'' he wrote in an e-mail message. ''So, in this respect, the Chinese are part of the herd.''

Chinese oil companies have been particularly interested in buying oil fields ever since crude oil prices plunged late last summer, because that dragged down the cost of oil fields as well, Mr. Andrews-Speed wrote. And with their experience in some of the most turbulent countries in Africa, Chinese oil companies may have the ability to cope with the unpredictability of Iraq.

''They may be no more competent at managing these risks than other companies, but they do seem to be prepared to accept a higher level of risk,'' he wrote, citing China's willingness to do business in Sudan.

Driving China's interest is the country's voracious thirst for oil. As recently as the early 1990s, China was a net exporter of oil because of production mainly from aging oil fields in the northeastern corner of the country.

But China's oil consumption has soared since then, thanks to an economic boom and climbing car sales that have produced traffic jams in big cities. China surpassed the United States this year as the world's largest car market, partly because China has weathered the global economic downturn better than the United States; China's oil consumption reached 8 million barrels per day last year, up from 4.9 million in 2001, according to a statistical review from BP, the British oil company.

Oil production has grown much more slowly, as older oil fields have run dry. New fields, either offshore or in western China, have barely replaced them. China produced 3.8 million barrels per day of oil last year, up from 3.3 million barrels per day in 2001, which still left the country dependent on imports for more than half its oil.

Iraq has the world's third-largest proven reserves, after Saudi Arabia and Iran. Many geologists say that the true oil resources of Iraq are even greater than official statistics suggest, because Iraq's oil industry has suffered from decades of disruption and underinvestment. Many oil fields have not been fully explored as a result.

Addax has oil licenses in two oil fields in northern Iraq, the Taqtaq and Sangaw North fields, both near Kirkuk, and its drilling has already struck large quantities of oil repeatedly in the Taqtaq field.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** June 30, 2009

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

76 of 100 DOCUMENTS

The New York Times

May 21, 2009 Thursday

Late Edition - Final

**China Grows More Picky About Debt**

**BYLINE:** By KEITH BRADSHER

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1342 words

**DATELINE:** HONG KONG

Leaders in both Washington and Beijing have been fretting openly about the mutual dependence -- some would say codependence -- created by China's vast holdings of United States bonds. But beyond the talk, the relationship is already changing with surprising speed.

China is growing more picky about which American debt it is willing to finance, and is changing laws to make it easier for Chinese companies to invest abroad the billions of dollars they take in each year by exporting to America. For its part, the United States is becoming relatively less dependent on Chinese financing.

China has actually bought Treasury bonds at an accelerating pace over the last year -- notwithstanding Chinese officials' complaints about American profligacy. But the borrowing needs of the United States government have grown even faster. So China represents a rapidly shrinking share of overall purchases of Treasury securities. ''China's demand for Treasuries has increased over the past year, but it hasn't increased at anything like the pace of the Treasury's sale of new Treasury bonds,'' said Brad W. Setser, a specialist in Chinese financial flows at the Council on Foreign Relations.

Americans and investors elsewhere are buying Treasuries instead. They are saving more and have been shifting out of other investments -- including equities until the past two months -- and into Treasuries.

China bought less than a sixth of the Treasuries issued in the 12 months through March. Less than two years ago, by contrast, Chinese purchases of Treasuries, which included purchases in the secondary market as well as newly issued securities, briefly exceeded the entire borrowing needs of the United States.

Financial statistics released by both countries in recent days show that China paradoxically stepped up its lending to the American government over the winter even as it virtually stopped putting fresh money into dollars.

This combination is possible because China has been exchanging one dollar-denominated asset for another -- selling the debt of government-sponsored enterprises like Fannie Mae and Freddie Mac in a hurry to buy Treasuries. While this has been clear for months, new data shows that China is also trading long-term Treasuries for short-term notes, highlighting Beijing's concerns that inflation will erode the dollar's value in the long run as America amasses record debt.

So China's rising purchases of Treasuries do not represent the confident bet on America's future that they might seem to be on the surface. For instance, China does not appear to be dumping euros or yen to buy Treasuries, economists said.

That said, recent Chinese and American data suggest that an astounding 82 percent of China's $2 trillion in foreign reserves is in dollars, according to calculations by Standard Chartered.

The development has caught the attention of the leaders of both countries.

''The long-term deficit and debt that we have accumulated is unsustainable -- we can't keep on just borrowing from China,'' President Obama said last Thursday.

Wen Jiabao, prime minister of China, also has expressed concern.

''We have lent a huge amount of money to the U.S. Of course we are concerned about the safety of our assets. To be honest, I am definitely a little worried,'' Mr. Wen said earlier this year.

China now earns more than $50 billion a year in interest from the United States, Mr. Setser at the Council on Foreign Relations calculated.

China's leaders were able to buy more Treasuries in recent months without buying more dollars because they have abruptly turned their back on the market for securities issued by government-sponsored enterprises.

China was the world's biggest buyer of these securities a year ago, splashing out more than $10 billion a month.

But in the 12 months through March, it actually had net sales of $7 billion, and ramped up purchases of Treasuries instead.

China has also changed which Treasuries it buys. It has done so in ways calculated to reduce its exposure to inflation or other problems in the United States. As recently as a year ago, China actively bought long-dated bonds, seeking the extra yield they could bring compared to Treasury securities with short maturities, of which China bought virtually none.

But in each month since November, China has been buying more Treasury bills, with a maturity of a year or less, than Treasuries with longer maturities. This gives China the option of cashing out its positions in a hurry, by not rolling over its investments into new Treasury bills as they come due should inflation in the United States start rising and make Treasury securities less attractive.

The big question now for policy makers and economists alike lies in whether the Chinese government's purchases of American securities will rise or fall in the coming months.

Two big forces are at work -- but they are pushing Chinese investments in opposite directions and might cancel each other out.

The first big shift is that Chinese foreign exchange reserves might start growing again, after shrinking early this year.

A senior Chinese economic policy maker, Xu Lin, expressed concern here on Monday that the reserves might grow faster if speculators started pushing more foreign exchange into China in the months ahead.

China is strongly opposed to any significant appreciation or depreciation of its currency, Mr. Xu said at a press conference. But if international investors conclude that the Chinese economy has stabilized ahead of economies elsewhere, they may start pumping more money into the Chinese economy, he said.

To keep its currency at the same level, the Chinese government buys foreign currency flowing into the country in excess of China's needs. If overseas demand for Chinese exports recovers, then China's trade surplus could start widening again as well. This would also tend to fatten Chinese reserves.

But the countervailing trend is that the Chinese government is trying to foster channels for foreign currency to be pumped out of the country without the involvement of the central bank. The government has been buying a wider range of assets and encouraging the private sector to invest more money overseas.

''That's part of a strategic move by the authorities to diversify,'' said Wensheng Peng, the head of China research at Barclays Capital. ''The reserves growth should accelerate because of inflows, but it will not be as large as what we observed in 2007 and the first half of 2008.''

The State Administration of Foreign Exchange, which is part of the central bank, issued draft regulations on Monday that would make it considerably easier for private companies to raise dollars in China to spend on overseas investments -- a step that would lessen the need for the Chinese government to buy up those dollars.

This spring China has also been stepping up its purchases of commodities, which are usually bought in dollars. Iron ore has been piling up on Chinese docks, government stockpiles of crude oil and grain are being expanded and stockpiles are being started for products like gasoline, diesel and sugar.

After six years of silence, China unexpectedly disclosed last month that it had been gradually buying gold from domestic producers. The country's reserves had climbed from 600 tons in 2003 to 1,054 tons, worth $31.8 billion at prices late Wednesday.

The disclosure, which produced a frisson of excitement in gold markets, may have been aimed at reassuring a domestic audience that the Chinese government was not putting all the nation's savings into American dollars. But the actual investment was tiny compared with China's foreign exchange reserves -- and showed that China was accumulating gold at a much slower rate than foreign currency.

A person in periodic contact with China's central bank, who insisted on anonymity to preserve his access, said that a Chinese central banker complained to him last year that ''we have so much money and there's so little gold, we can't buy much without driving up the price.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** May 21, 2009

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTOS: PRESIDENT OBAMA (PHOTOGRAPH BY MICHAEL REYNOLDS/EUROPEAN PRESSPHOTO AGENCY)

WEN JIABAO, PRIME MINISTER OF CHINA (PHOTOGRAPH BY MICHAL CIZEK/AGENCE FRANCE-PRESSE -- GETTY IMAGES)(pg. B9) CHARTS: China's Changing Role: China's foreign reserves have grown more slowly in recent months . . .(Source: Brad Setser, Council on Foreign Relations, from People's Bank of China and United States Treasury data)(pg. B9)

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

77 of 100 DOCUMENTS

The New York Times

April 28, 2009 Tuesday

Late Edition - Final

**BYLINE:** By JENNIFER 8. LEE

**SECTION:** Section A; Column 0; Metropolitan Desk; CITY ROOM BLOGGING AT NYTIMES.COM/CITYROOM.; Pg. 19

**LENGTH:** 479 words

NEW YORK STATE'S

Long Lost Sister

The Chinese provinces that are most prominent in most American minds generally have to do with alimentation (Hunan and Sichuan), immigration (Fujian and Guangdong) and agitation (Tibet and Xinjiang). But it is Jiangsu, a prosperous region on China's east coast, that for 20 years has been the sister province of New York State.

Sam Natapoff, senior adviser to Gov. David A. Paterson for international commerce and development, said there were many parallels between New York and Jiangsu.

Mr. Natapoff said that Nanjing, in Jiangsu province, has been China's capital, most recently from 1927 to 1949, during the Nationalist reign. New York, of course, was the capital of the young United States from 1785 to 1790. Water plays an important part in both New York and Jiangsu, he noted: the southern regions of each are close to rivers and oceans, which helped make them centers of trade.

And Suzhou, a wealthy city of six million on the Yangtze River in Jiangsu Province, has long been an influential cultural center known for its gardens, music and silk. New York City, with eight million, has long been an influential cultural center known for its parks, music and fashion.

Mr. Natapoff, who is chairman of a joint commission between the two regions, has never been to Jiangsu and is not likely to make the trip anytime soon. ''My flying to a foreign country isn't necessarily the best way to spend taxpayer money,'' he said.

In case you go, here is a compare and contrast:

POPULATION 75 million (Jiangsu), 19 million (New York)

DEMOGRAPHICS 99.6 percent Han Chinese (J), 60 percent white, 17 percent black, 16 percent Hispanic, 7 percent Asian-American (N.Y.)

FOUNDED 1667 (J), 1664 (N.Y.)

DENSITY 1,877 people per square mile (J), 408 people per square mile (N.Y.)

PER CAPITA INCOME $4,000 (J), $25,000 (N.Y.)

BIRTHPLACE OF Kunqu opera (J), hip-hop (N.Y.)

DIVISIONS Between an urban, prosperous south and a poorer, more rural north (both)

JENNIFER 8. LEE

ALSO

ON THE BLOG

Excavation: At $633 million, the cost of the vehicle security center at the new World Trade Center nearly rivals that of the National September 11 Memorial and Museum. But the checkpoint through which vehicles must pass en route to the trade center's underground roadways has attracted little public attention (and that's probably the way officials want it). Now that excavation has finally begun, there is no longer anywhere to hide.

Hibernation: The weekend's warm weather deprived some of the region's hardiest swimmers of a bit of frigid glory. Members of the Coney Island Polar Bear Club, who pledge to dip in the ocean every Sunday from November to April, were disappointed with water temperature in the 50s and air nearing 90 degrees. ''It's no good -- it's too easy,'' said one member, Alfred Volante, 52, a truck driver from the Bronx.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** April 28, 2009

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTOS: Trading at the New York Stock Exchange, top, resembles that in Nanjing in China's Jiangsu Province.(PHOTOGRAPH BY JASON DECROW/ASSOCIATED PRESS)

(PHOTOGRAPH BY SEAN YONG/REUTERS)

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

78 of 100 DOCUMENTS

The New York Times

April 2, 2009 Thursday

Late Edition - Final

**China Takes Stage as World Economic Power, but Its Transformation Is Incomplete**

**BYLINE:** By MICHAEL WINES and EDWARD WONG

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 12

**LENGTH:** 1132 words

**DATELINE:** BEIJING

Let the rest of the world dither over whether this week's economic summit meeting in London will save the planet from economic collapse.

China arrives at the meeting with a sense of momentum, riding a wave of nationalism and boasting an economy that, more than any other, is surfing the trough of a crippling recession. While other major economies shrink this year, China's is expected by some economists to pass Japan's as the world's second largest, if it has not already.

The most talked-about new book here, ''China is Unhappy,'' combines hypernationalism with biting criticism of Western mismanagement and of China's reluctance to grasp its place in history.

China's normally faceless vice president, Xi Jinping, achieved cult status in late February after cameras caught him in an unguarded moment in Mexico, attacking ''foreigners who had eaten their fill and had nothing better to do, pointing their fingers at our affairs.''

It has not dampened this spirit that China -- and its $2 trillion in exchange reserves -- are viewed around the world as the solution to a host of problems, whether by shoring up the capital base of the International Monetary Fund or by becoming a bigger engine of growth for Asian economies long dependent on the United States market.

Yet even as Presidents Hu Jintao and Obama had their first meeting on Wednesday on the sidelines of the summit proceedings, the Chinese appeared torn between seizing their moment in the geopolitical spotlight and shying from it.

Government censors quickly deleted Mr. Xi's remarks from Chinese news reports last month. On Wednesday, the front page of China Daily, the English-language newspaper that telegraphs government positions to the outside world, warned that China ''is not as strong an economy as some people think.''

''Bailing out China is our most important contribution to bail out the world,'' Tang Min, an economist at the state-financed China Development Research Foundation, was quoted as saying.

Such is the quandary of a nation whose rise to power appears both inevitable and, in the view of many experts, still a bit premature.

''China is a major global economy now. That is a fundamental reality,'' Chu Shulong, who directs the Institute of Strategic Studies at Tsinghua University in Beijing, said in an interview. ''What China says and does has an effect on international finance, international economics and other economies.''

But just as real, Mr. Chu and others said, are the factors that hamstring China: widespread poverty, authoritarian rule, a culture shrouded by decades of isolation and poorly understood intentions. China's global ambitions are unlikely to be realized until it resolves those issues.

Even then, China's economic fortunes remain deeply entangled with those of the United States, its biggest customer, rival, debtor and still -- by far -- the world's biggest economy.

So although Beijing may agitate for changes in the global financial structure, and relish some schadenfreude at Washington's expense, its interests lie very much in getting America back on its economic feet.

That does not negate China's newly enhanced status. With most of the world in financial collapse, China's economy has suddenly become too big -- and too healthy, expected to grow by at least 6.5 percent this year -- for the rest of the world to ignore.

Evidence of China's ascension is everywhere. Three years ago, China did not have a single bank among the world's top 20, measured by market capitalization. Today the top three are Chinese. (In 2006, the United States had 7 of the top 20 banks, including the top 2; today it has 3, and the biggest, Morgan Stanley, is rated fifth.)

China's government-owned enterprises are buying companies, technology and resources worldwide. This year they have spent $13 billion in Europe, and plan new investments in the United States. China has struck long-term oil contracts with Brazil and Russia, and is angling for a more than $20 billion stake in three Australian mining companies.

China holds $1 trillion in United States government debt, and that is but half the foreign reserves generated by its huge trade surplus and investment inflows. The rest of the West owes China money, too.

Just as clearly, China harbors global ambitions. Military spending has grown for years at a double-digit clip, though as a share of gross domestic product, it is half of the United States' military spending. China is slowly building a blue-water navy, and in December it sent three ships to the waters off Somalia to patrol against pirates, in the first modern active deployment of its warships beyond its home waters.

Foreign analysts uniformly say they are struck by China's new assertiveness in diplomatic and military affairs, from tart critiques of American fiscal policy to verbal sparring over control of the South China Sea.

Kenneth G. Lieberthal, a Brookings Institution scholar who oversaw White House Asia policy from 1998 to 2000, said the Chinese traditionally deferred to Washington on major economic and strategic issues, assenting or differing only after Washington made its case.

But ''in meetings with the Chinese on several issues in the last two months, I've been quite surprised that Chinese are sitting there talking the way you would expect a major power to talk,'' he said. ''They are beginning to appreciate that when countries emerge from this current economic crisis, China is likely to be either the first to emerge or right after the U.S., and that China will be one of the very few countries at the end of this crisis to emerge without having high levels of government debt.''

''There is a palpable change taking place here,'' Mr. Lieberthal added, ''with a sense of greater confidence that China has now become an important place and needs to act that way.''

But economic importance does not automatically translate into geopolitical heft. In China's case, most of the other components of true global power -- moral sway, military clout, cultural influence, to name a few -- are in the assembly stage, or missing altogether.

Even China's unquestioned economic clout comes with an asterisk. While Chinese megacities boom and the country's coast has become the world's factory, 800 million of the nation's 1.3 billion citizens remain farmers, many mired in poverty. China remains a developing nation, still vying for first-world status.

''I would be careful calling China a superpower. It is not one,'' David Shambaugh, who directs the China Policy Program at George Washington University in Washington, wrote in an e-mail message. ''It has no global military reach, its soft power is limited, and its diplomatic reach, while now global, is still limited in areas such as the Middle East and Latin America.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** April 2, 2009

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: President Obama, Hillary Rodham Clinton and Timothy F. Geithner in London with President Hu Jintao, shaking Mrs. Clinton's hand, and other Chinese officials.(PHOTOGRAPH BY TODD HEISLER/THE NEW YORK TIMES)

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

79 of 100 DOCUMENTS

The New York Times

March 27, 2009 Friday

The New York Times on the Web

**U.S. Sees Chinese Military Rise**

**BYLINE:** By THOM SHANKER.

Michael Wines contributed reporting from Beijing.

**SECTION:** Section ; Column 0; Foreign Desk; Pg.

**LENGTH:** 703 words

**DATELINE:** WASHINGTON

China is seeking technology and weapons to disrupt the traditional advantages of American forces, and secrecy surrounding its military creates the potential for miscalculation on both sides, according to a Pentagon study released Wednesday.

The annual report from the Defense Department to Congress, ''Military Power of the People's Republic of China 2009,'' catalogs efforts by China to supply its armed forces with weapons that can be used to intimidate and attack Taiwan and blunt the superiority of American naval and air power, at least near its territory.

''We have advocated time and again for more dialogue and transparency in our dealings with the Chinese government and military, all in an effort to reduce suspicions on both sides,'' said Geoff Morrell, the Pentagon press secretary.

He said the report should be read as calling ''for deeper, broader, more high-level contacts with the Chinese.''

China's Foreign Ministry spokesman, Qin Gang, dismissed the Pentagon report on Thursday as ''a gross distortion of the facts'' and interference in China's internal affairs.

''This report issued by the U. S. side continues to play up the fallacy of China's military threat,'' he said at his regular news briefing in Beijing. He suggested that the Pentagon stop issuing the annual report to avoid ''further damage to the two sides' military relations.''

China suspended high-level contacts with the Pentagon last October in response to the Bush administration's decision to sell a record $6.5 billion in military equipment to Taiwan. But relations appeared to improve after the deputy assistant secretary of defense for East Asia, David S. Sedney, held two days of talks with his Chinese counterparts last month.

Military relations between the United States and China have tended to crest and then fall over recent years, with ties having just recovered from Beijing's outrage over the sales to Taiwan.

But even the resumption of military-to-military talks was threatened this month after Chinese vessels shadowed and harassed an American surveillance ship in international waters of the South China Sea.

The Pentagon report describes how China's military modernization has continued over the past year, with a particular focus on Taiwan, which China considers a renegade province. China has built up short-range missiles across from Taiwan, even though the report concludes that relations between the two have relaxed over the past year.

Even so, the study said China could not deploy and sustain even small military units far beyond its borders before 2015. Further, China would not be able to deploy and sustain large forces in combat operations far from China until well into the following decade, the report states.

Instead, the Chinese military appears to have embarked on modernization programs that would allow it to fight and win short conflicts fought with new weapons along its periphery.

To blunt traditional advantages of the United States, China has invested in new technologies for cyber- and space warfare, in addition to sustaining and modernizing its nuclear arsenal, the report said. The Chinese military also is expanding and improving its fleet of submarines, and hopes to build a number of new aircraft carriers, the report said.

The report does single out acts by the Chinese military to participate in international relief and rescue missions. Between 2002 and 2007, the People's Liberation Army joined at least 14 search-and-rescue missions at sea, and was involved in 10 emergency relief missions in 14 countries.

Between 2003 and 2007, China also sold nearly $7 billion worth of conventional weapons around the world, mostly to Pakistan, the report said.

Rep. Ike Skelton, the Missouri Democrat who is chairman of the House Armed Services Committee, released a statement on Wednesday that expressed concern at ''some of the continuing trends and ambiguities regarding China's military modernization, including China's missile buildup across from Taiwan and the steady increase of China's power projection capabilities.''

He said that ''China's military budget continues a trend of double-digit increases and questions remain about China's strategic intentions.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** March 27, 2009

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

80 of 100 DOCUMENTS

The New York Times

March 19, 2009 Thursday

Late Edition - Final

**China Blocks Coke's Bid for Juice Company**

**BYLINE:** By DAVID BARBOZA; Bettina Wassener contributed reporting from Hong Kong.

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 10

**LENGTH:** 545 words

**DATELINE:** SHANGHAI

China said on Wednesday that it had rejected a bid by the Coca-Cola Company to acquire one of the country's biggest beverage makers for about $2.4 billion. The move blocked what would have been the biggest foreign takeover of a Chinese company and suggested Beijing was still uneasy with the idea of foreign ownership.

The ministry of commerce said Coke's bid to acquire the China Huiyuan Juice Company was rejected on antitrust reasons. The government said the deal would allow Coke to dominate a huge segment of the beverage market.

In a statement released Wednesday, the commerce ministry said it was worried that Coke would ''set up some exclusive terms to restrict competition in the juice market,'' drive up the consumer prices and squeeze out smaller beverage makers.

Shares in Huiyuan fell sharply and then trading was halted early Wednesday in Hong Kong ahead of the announcement, while shares of other Chinese beverage makers, which could have also been takeover targets, also tumbled on speculation that the deal would be rejected by regulators. On Thursday morning, Huiyuan's shares extended their fall, plunging more than 40 percent.

Shares of Huiyuan have lost about 30 percent of their value since the deal was announced in September.

In a statement, Muhtar Kent, the president and chief executive of Coca-Cola, said he was disappointed but respected the Chinese government's decision, adding that the company's commitment to China remained strong. ''We will now focus all of our energies and expertise on growing our existing brands and continuing to innovate with new brands, including in the juice segment,'' he said in the statement.

Executives at Huiyuan, which is based in Beijing, could not be reached.

The deal is considered not only an early test of China's new antimonopoly law but also of Beijing's willingness to give foreign companies greater latitude to acquire big Chinese companies.

Few foreign companies have taken full control of a major Chinese company. But many legal analysts said they had expected the deal to be approved because China itself is moving aggressively this year to acquire foreign assets during the global economic downturn.

Steve Dickinson, a China-based lawyer at Harris & Moure, said China usually restricted foreign takeovers because of a belief that state assets should not be controlled by foreign entities.

''China's very open to green field investments, allowing foreign companies to start up businesses,'' Mr. Dickinson said. ''But China strongly discourages outright purchases of existing Chinese companies to enter the China market.''

Huiyuan Juice, which had revenue of about $380 million in 2007, is one of China's biggest producers of fresh apple, orange and pear juice. The company is privately owned and two foreign companies hold minority stakes: Groupe Danone of France and Warburg Pincus, the American private equity firm.

The bid by Coke was part of the company's aggressive expansion effort in China, where it already has a large presence. The company sells more than a billion bottles of Coke a year.

Just a week ago, Coke pledged to further expand its presence in China, despite the economic downturn, by investing an additional $2 billion in China over the next three years.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** March 19, 2009

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: Products from the China Huiyuan Juice Company on shelves with Coca-Cola in Jinan, Shandong Province.(PHOTOGRAPH BY REUTERS)

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

81 of 100 DOCUMENTS

The New York Times

March 12, 2009 Thursday

Late Edition - Final

**Exports Down Sharply For 2nd Month in China**

**BYLINE:** By KEITH BRADSHER

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 4

**LENGTH:** 1044 words

**DATELINE:** HONG KONG

China's exports plunged by a record 25.7 percent last month, but investment spending surged as the country's stimulus program took hold, Beijing authorities said Wednesday.

The data provided conflicting signals about the health of China's economy. It sketched a picture of a country spending huge sums at home to offset weakening demand overseas, but gave no conclusive sign of whether its stimulus program would succeed.

Economists and investors around the world have been wondering whether China would escape the worst of the global slowdown. The uncertainty has produced sometimes volatile swings in the markets, particularly in commodities, with each contradictory glimpse of China's economic health and speculation about further government spending.

Investors in China seemed uncertain how to greet the latest data. Stock prices bobbed up and down in Shanghai before closing down 0.9 percent. But commodities and currency traders gave more emphasis to China's export data and concluded that the economy might be weaker than previously thought; copper prices fell on expectations that China might need less, and so did the value of the currencies of resource-rich countries like Australia.

Exports have been a pillar of China's impressive economic rise in the last three decades. But the sharp drop in February compared with a year ago was unexpected; economists had been predicting little change. The Chinese new year occurred in February last year and depressed exports that month. This year, the holiday came in late January.

''The figure is worse than it appears as the timing of the holiday should have made January's numbers look bad and February's numbers look good,'' said Ben Simpfendorfer, an economist in the Hong Kong office of the Royal Bank of Scotland. China's exports fell 17.5 percent in January from a year earlier.

Goldman Sachs predicted China's recovery would be slow. ''We believe the downside risks of weaker external demand have just started to show up in China's exports growth and will likely weigh on China's overall activity growth,'' Goldman's economists said in a research note.

As China's exports slowed abruptly for everything from toys and fashion accessories to steel and grain, investment spending strengthened. The National Bureau of Statistics said that fixed-asset investment had climbed 26.5 percent in the first two months of 2009 compared with the first two months of last year.

The growth in fixed-asset investment was larger than expected and marginally higher than its average for all of last year. But the averages concealed a significant shift in what is being built in China, as the government moved to replace crumbling infrastructure.

Railroad investment spending, a central activity of the country's stimulus program, more than tripled in the first two months of the year as Beijing tried to strengthen and expand a network that has failed to keep up with demand, particularly in bad weather and on holidays.

Previously strong growth in the construction of office buildings, factories and apartments, which had been rising more than 30 percent a year, essentially leveled off. It was up 1 percent from the same period a year ago.

Gauging the strength of domestic demand in China is tricky because the export sector is so large. Even subtracting imports that go into products that are immediately re-exported, net exports still account for a tenth to a fifth of the country's economic output.

But China's imports are also shrinking, falling 24.1 percent in February. One consequence of China's decreasing trade has been a withering of its trade surplus, which fell to $4.84 billion last month, the smallest in nearly four years.

Mingchun Sun, China economist for Nomura International, lowered his forecast for China's trade surplus this year to $155 billion, compared with $295 billion last year. But because so much of China's exports consists of reprocessed imports -- like assembling DVD players from imported computer chips and other foreign components -- the Chinese economy may still reach the government's target of 8 percent growth, he said.

''We believe the reduction should be easily offset by the unexpected increase in investment growth,'' he said.

China has been investing its trade surpluses heavily in Treasury bills and government-guaranteed securities from the United States, helping to finance the American budget deficits.

James McCormack, a government debt expert in the Hong Kong office of Fitch Ratings, said that the trade figures released on Wednesday suggested that broad measures of China's trade surplus for this year, and therefore the money available to buy American debt and other foreign securities, was ''probably going to be a little smaller than we would have anticipated.''

But the precise effect on Chinese demand for American debt, and the composition of that demand, remains unclear. American data shows that China's central bank was buying slightly more Treasuries late last year and slightly fewer bonds from the mortgage giants Fannie Mae and Freddie Mac.

At the same time, traders in Hong Kong say that there are some indications that China might be increasing slightly the proportion of dollars in its nearly $2 trillion in foreign exchange it is believed to be hoarding at the expense of the euro. If China is actually doing so -- the State Administration of Foreign Exchange goes to great lengths to preserve the secrecy of its trading activities -- then a shift to dollars could offset the effect of smaller Chinese trade surpluses on American debt.

Hidden in the gloom over exports were a few rays of hope. Shoe exports were down only 2.3 percent in the first two months of this year compared with the period a year ago, the General Administration of Customs said.

Martin Merz, a director of NJB Merz, a shoe company headquartered in Hong Kong, said that the market for high-fashion shoes was ''dead,'' but mass-market shoes were selling so well that a mainland Chinese factory would not be able to fill his order until June.

Small shoemaking businesses that employ fewer than a dozen people and do outsourcing work for big shoe factories are starting to reopen in southern China after closing for the new year holiday, he added.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** March 12, 2009

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: A toy factory in Qingdao, China, in January. Some analysts say weak demand for its exports is only beginning to affect China.(PHOTOGRAPH BY JOHN WONG/EUROPEAN PRESSPHOTO AGENCY) CHART: Shrinking Trade: After weakening through last fall and this winter, Chinese exports and imports have plunged recently.(Sources: China's General Administration of Customs, via CEIC Data) Chart details line graph.

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

82 of 100 DOCUMENTS

The New York Times

February 21, 2009 Saturday

Late Edition - Final

**In a Global Spree, China Buys Up Commodities**

**BYLINE:** By DAVID BARBOZA

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 3

**LENGTH:** 850 words

**DATELINE:** SHANGHAI

China is taking advantage of the economic downturn to go on a major shopping spree, investing in energy and other natural resources that could give it an economic advantage it has never had before.

Some economic analysts say they believe that China's investments pose a threat to competitors like the United States. In the last move, Beijing said on Friday that one of its big state-owned banks, the China Development Bank, would lend the Brazilian oil giant Petrobras $10 billion in exchange for a long-term commitment to send oil to China.

China signed similar deals this week with Russia and Venezuela, bringing Beijing's total oil investments this month to $41 billion. They represent an important investment. Supplies of commodities like oil are likely to tighten again once global growth picks up, and China will have a toehold it lacked during the recent boom, when it grew phenomenally even with limited access to resources.

But some analysts say China's recent investments are welcome because they will help finance much-needed development, increasing the global supply of oil and natural resources at a time when many of the world's biggest banks are reluctant to lend.

''It's a good thing because a lot of projects have been postponed,'' said Prof. Philip Andrews-Speed, director of the energy policy center at the University of Dundee in Scotland. ''Oil companies may now have the money to produce oil.''

It is not just oil. This month, China's biggest aluminum producer also agreed to invest $19.5 billion in Rio Tinto, an Australian mining company that is one of the world's biggest. On Monday, China Minmetals bid $1.7 billion to acquire OZ Minerals, also of Australia, a huge zinc mining company.

China is flush with cash -- thanks to trillions of dollars from decades of selling goods to the West -- at a time when credit markets are tight and collapsing commodity prices have left energy and natural resource companies desperate for cash. For many of these companies, China has gone from pariah to lender of first resort.

''This is heavy energy diplomacy,'' Professor Andrews-Speed said. ''If you need money, you go to where the money is, and today, China's the place.''

President Hu Jintao of China traveled this week on his ''Friendship and Cooperation Tour'' in Africa, where China has huge interests in resources and mining. The vice president, Xi Jinping, visited South America, met with the leaders of Brazil and Venezuela and signed cooperation agreements on oil and minerals.

Venezuela borrowed $6 billion from China and agreed to increase its oil exports to China, bringing China's total investment in the country to $12 billion. In Brazil, China signed a $10 billion ''loan-for-oil'' deal that guarantees the country up to 160,000 barrels a day at market prices.

And in Beijing this week, Prime Minister Wen Jiabao met his Russian counterpart after China agreed to lend Russia's struggling oil giant Rosneft and Russia's oil pipeline company, Transneft, $25 billion in exchange for 15 million tons of crude oil a year for 20 years.

The investments are China's biggest moves since 2005, when a Chinese state-owned oil company made an unsuccessful bid for Unocal, the American oil company, prompting worries about whether fast-growing China was seeking to tie up global resources.

But the world has changed drastically since then. Commodity prices have fallen sharply in recent months, after a long bull market that was partly fueled by China's voracious demand for energy and resources. And China has built up nearly $2 trillion in foreign currency reserves, giving the country easy access to capital.

''What's changed for China is that their key competitive strength has increased, and that's capital,'' said Andrew Driscoll, a resources analyst at CLSA, an investment bank. ''A lot of companies are begging for capital.''

China wants reliable supplies of crude oil to fuel its growing transport sector; it needs iron ore for steel production, and copper and aluminum to build homes and consumer goods.

Analysts say there are still worries about whether China will compete with other nations, like the United States and India, for oil and other natural resources.

Analysts say China could continue to make deals this year for small oil and gas companies, mineral producers and mining firms.

This week, for instance, shares of the Fortescue Metals Group, an Australian mining company, rose after reports the company was in talks with China over a big investment to help the company expand operations.

In many cases, China has struck deals in countries that have access to large supplies of oil and minerals but where American and European countries are not well positioned, like parts of Africa and the Middle East. In one of the deals struck this week, China made an alliance with the government of Hugo Chavez, the president of Venezuela, who has denounced American leadership. While the oil deals announced this week vary in terms, analysts say they ensure China a steady supply of oil for decades to come, sometimes at favorable prices.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** February 21, 2009

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

83 of 100 DOCUMENTS

The New York Times

January 23, 2009 Friday

Late Edition - Final

**China's Route Forward**

**BYLINE:** By KEITH BRADSHER

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 1

**LENGTH:** 1407 words

**DATELINE:** GUANGZHOU, China

In an effort to hold back the domestic effects of the global downturn, China is starting to spend hundreds of billions of dollars on new highways, railroads and other infrastructure projects.

The stimulus plan, one of the world's largest, promises to carry the modernity of China's coasts deep into the hinterlands, buying the kind of great leap forward it took the United States decades -- and a world war -- to build, and priming China for a new level of global competition.

As President Obama and Congress draft an $825 billion stimulus plan for the United States, China is already two months into its effort. And while Democrats have put aside calls for big transportation projects, with the House bill allocating less than 5 percent of spending for the construction of highways, rail lines and mass transit programs, China is furiously pouring concrete and laying rails.

A $17.6 billion passenger rail line across the deserts of northwest China, a $22 billion web of freight rail lines in Shanxi province in north-central China and a $24 billion high-speed passenger rail line from Beijing to Guangzhou here in southeastern China are among the biggest projects. But extra spending is being planned in practically every town, city and county across the country.

And, unlike the United States, China has the cash to pay for it, with few debts and a tiny deficit.

China will spend $88 billion constructing intercity rail lines, the highest priority in the plan. It spent $44 billion last year and just $12 billion as recently as 2004, said John Scales, the transport coordinator for China at the World Bank.

''I don't think anything compares except maybe the growth of the U.S. rail network at the start of the 20th century,'' Mr. Scales said.

Fear, not competition, is motivating the building boom. Chinese leaders are increasingly worried about the slowdown of their economy and the growing risk of protests by disgruntled workers. New numbers released Thursday by the government suggested they had cause for concern.

Gross domestic product grew just 6.8 percent between the fourth quarter of 2008 and a year earlier. Growth for all of 2008 was 9 percent, down from 13 percent in 2007, and every indication is that expansion has continued to slow.

Policy makers ''are already in a mode of panic,'' said Qu Hongbin, the chief China economist at HSBC, even before the new numbers were released. ''They're going to spend like there's no tomorrow.''

When inflation started to become a problem in China in the spring of 2004, Beijing began a four-year effort to prevent the economy from overheating. It barred local and provincial governments from proceeding with plans for many roads, airports, subway systems and other infrastructure.

Now Beijing is urging local and provincial governments to go ahead with their projects because they are, in Washington's current parlance, ''shovel ready.''

The combined national, provincial and local spending for economic stimulus promises to change the face of China, giving the country a world-class infrastructure for moving goods and people quickly, cheaply and reliably across great distances.

''The increased expenditure on infrastructure will certainly contribute to China's productivity growth and improve its long-term competitiveness, allowing it to pull away from its Asian neighbors who are much more constrained -- by higher levels of budget deficits and public debt -- in their ability to unleash a fiscal stimulus,'' said Eswar Prasad, a senior fellow at the Brookings Institution.

Feng Fei, the director general of industrial economics at the policy research unit of China's cabinet, the State Council, said that steep increases in railroad investments would create lasting benefits. The goal is to slow China's dependence on personal cars and imported oil, to reduce air pollution and to relieve the annual shortage of seats on trains during Chinese New Year, when millions of people visit their families, he said.

China has already built as many miles of high-speed passenger rail lines in the last four years as Europe has in two decades. A new bullet train from Beijing to Tianjin, opened last summer, travels at up to 217 miles an hour; the top speed of Amtrak's Acela Express trains in the Northeastern United States is 150 m.p.h., and it is only briefly attained.

The government has nearly finished the construction of a high-speed rail route from Beijing to Shanghai at a cost of $23.5 billion -- almost equal to the price of the entire Three Gorges hydroelectric dam project on the Yangtze River. The authorities recently disclosed that they had 110,000 workers laboring to finish the route as quickly as possible.

Aside from transportation, most of the rest of China's national stimulus program will be spent on airports, highways and environmental projects, particularly water treatment plants, Mr. Feng said.

So extensive are the plans being drawn up by government agencies in Beijing and elsewhere that they have collided with the government's longstanding policy of maintaining self-sufficiency in food production.

China requires that any arable land converted from farming to other uses must be offset by bringing land elsewhere in China into cultivation. But the stimulus plan calls for construction on nearly three times as much arable land this year and next year as can be readily brought into cultivation elsewhere.

The Ministry of Planning and Land Resources said at the end of December that it was looking at ways to ''borrow'' land that is supposed to be brought into cultivation in 2011 and 2012, and use it for economic stimulus projects now.

A second issue lies in how quickly China can actually accelerate its construction programs, even if the money is available. ''This is a very key question,'' and nobody has the answers, Mr. Feng said.

Megaprojects like those now coming off the drawing boards require large numbers of experienced engineers, skilled workers and architects, as well as specialized equipment. A steep swoon in housing construction is starting to put large numbers of laborers out of work but fewer skilled employees.

China's actual incremental spending on economic stimulus is hard to calculate.

The central government announced two months ago that it planned a $586 billion stimulus program spread over two years. If all of that money were new spending, it would equal 14 percent of China's economic output last year. The plan going through the House in Washington is also spread over two years and equals nearly 6 percent of the United States' estimated economic output last year.

But China's plan included some projects that were already slated for construction. And the government has set aside less than a third of the money. The directors of construction projects have been told to try to raise the rest of the money from local and provincial governments, or borrow it from banks or insurers.

Bank lending jumped in November at the fastest annual pace in nearly five years, as the state-controlled banking sector responded to regulatory pressures to step up lending.

Insurers have just been given the authority to start lending to infrastructure projects.

All told, China's stimulus program is likely to add 1 to 3 percent to its economic growth this year, said Dong Tao, a China economist at Credit Suisse. The American program is likely to add close to 3 percent to the United States' growth, he predicted.

Establishing an expectation is difficult, though, since the American plan is a grab-bag of different initiatives. More than two-thirds of the dollars in the House bill would go toward tax cuts and helping states with health and education needs; most of the rest is for modernizing school buildings, upgrading data systems for health care and improving federal buildings' energy efficiency.

(China said Wednesday that, separate from its stimulus program, it would spend $123 billion to provide universal health care within two years instead of 11.)

Of course, there is no guarantee the large chunk of the spending earmarked for poor inland and rural areas will prove economically viable, but there was no guarantee in America, either.

But with China's once powerful export machine suddenly stalled and its housing bubble deflating, virtually no one questions the urgent need for spending.

''China gets hit by an external demand shock,'' Mr. Roach said, ''and the economy hits a wall.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** January 23, 2009

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTOS: China is investing billions in commercial and commuter rail lines like this one in Jiaozhou, in Shandong province.(PHOTOGRAPH BY WU HONG/EUROPEAN PRESSPHOTO AGENCY)(B1)

A typically crowded cabin on a train from Beijing to Chengdu. With little debt, China has the money to invest heavily in a much-needed repair and expansion of its infrastructure.(PHOTOGRAPH BY JASON LEE/REUTERS)(B4) CHARTS: Building Boom: China's pace of infrastructure construction has accelerated.(Sources: Chinese Ministries of Railways and Transportation, via CEIC Data

U.S. Department of Transportation)(B1)

Cash Available: Under heavy pressure from regulators seeking to blunt the effects of an economic downturn, Chinese banks have stepped up their lending. (Sources: People's Bank of China, via CEIC Data)(B4)

**PUBLICATION-TYPE:** Newspaper

Copyright 2009 The New York Times Company

84 of 100 DOCUMENTS

The New York Times

December 4, 2008 Thursday

Late Edition - Final

**China Shuns Investments In West's Finance Sector**

**BYLINE:** By KEITH BRADSHER

**SECTION:** Section B; Column 0; Business/Financial Desk; Pg. 5

**LENGTH:** 839 words

**DATELINE:** HONG KONG

The chairman of China's sovereign wealth fund said on Wednesday that China had no plans for further investments in Western financial institutions, nor did it have any plans to ''save'' the world through economic policies.

The comments by Lou Jiwei, the chairman and chief executive of the China Investment Corporation, are the clearest signal yet that after taking heavy losses on initial investments in the Blackstone Group, Morgan Stanley and Barclays, state-run Chinese institutions have no appetite for further purchases in this sector.

''Right now we do not have the courage to invest in financial institutions because we do not know what problems they may have,'' Mr. Lou said as part of a panel discussion on the second and final day of the Clinton Global Initiative conference here.

Asked whether China might pursue economic policies aimed at saving the world, Mr. Lou said that the country's leaders had a narrower focus. ''China can only save herself because the scale of China is still rather small,'' he said, adding that while China has more people than any other country, economic output is still low enough that the Chinese economy is not yet big enough to have a big effect on the global economy.

''If China can do a good job domestically, that is the best thing it can do for the world,'' he said.

Mr. Lou's comments represent the clearest statement yet that as global financial markets plunge and economies slow, the attention of China's leaders is turning inward.

For several months, there has been a noticeable difference between East and West in expectations of China. Financiers in the United States and Europe have frequently talked of ways to use China's $1.9 trillion in foreign exchange reserves to rescue Western banks, most recently with speculation that the China Investment Corporation might invest more money in Morgan Stanley, which ended up turning to Mitsubishi UFJ Financial Group of Japan instead.

But financial leaders in Hong Kong, Beijing and Shanghai, with closer links to decision makers in Beijing, have consistently maintained that having been burned on their initial financial sector investments, the Chinese are very leery of buying more. Mr. Lou confirmed this.

Similarly, Western economists have hoped that China will try to take the lead in rekindling economic growth around the world with heavier spending. But while China has already announced plans for a stimulus plan of $586 billion, most of that money is earmarked for the construction of highways and railroads, categories in which China's need for imports is fairly limited.

President Hu Jintao warned at a government meeting last weekend that difficulties in the global economy threatened to undermine growth in China.

Laura Tyson, who served as chairwoman of the Council of Economic Advisers under President Clinton, said at the same panel as Mr. Lou that the current crisis would give further impetus to Asia's rise in economic importance.

''It's going to accelerate the move of economic power to Asia,'' she said. ''It was under way before, but this will accelerate it.'' The China Investment Corporation has $200 billion and was initially expected to invest all of it overseas. But the fund has since made its largest investments shoring up the capital of banks in China.

Mr. Lou said that the sheer pace of new initiatives and new rules issued by Western regulatory agencies was disconcerting and made it even harder for him to choose worthwhile investments. ''If it is changing every week, how can you expect me to have confidence?'' he asked.

He did not rule out overseas investments, however, noting that, ''Right now, the value of many investments is underestimated.'' But he suggested that China might find some of its best opportunities in low-income countries. ''We don't want to look at only the advanced or developing countries, we also want to look at emerging markets.''

The China Investment Corporation's first investment, in the Blackstone Group, has fared badly and attracted considerable criticism within China. The sovereign wealth fund paid $3 billion at $29.605 a share; the shares closed on Tuesday in New York at $5.34, for a loss of $2.46 billion, or 82 percent.

The China Investment Corporation also had heavy losses on its investment a year ago in Morgan Stanley, while value of the China Development Bank's stake in Barclays has plunged.

Like many Chinese officials lately, Mr. Lou expressed concern about rapidly slowing growth in American purchases of Chinese goods, which has led to large-scale layoffs at export-oriented factories in China, particularly in the Pearl River delta region near Hong Kong. He blamed a shortage of letters of credit from American banks, which he described as making it hard for American importers to obtain the money they need to buy Chinese goods even when they have ready buyers.

''Citibank, Morgan Stanley and the government, they are very tight on their credit, so even when there is demand, they can't make things happen,'' he said.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** December 4, 2008

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: Lou Jiwei, the Chinese financier, said he lacked confidence in U.S. financial institutions. (PHOTOGRAPH BY JEROME FAVRE/BLOOMBERG NEWS)

**PUBLICATION-TYPE:** Newspaper

Copyright 2008 The New York Times Company

85 of 100 DOCUMENTS

The New York Times

September 16, 2008 Tuesday

Late Edition - Final

**Abruptly, China Eases Monetary Policy**

**BYLINE:** By KEITH BRADSHER

**SECTION:** Section C; Column 0; Business/Financial Desk; Pg. 12

**LENGTH:** 714 words

**DATELINE:** HONG KONG

After five years of tightening monetary policy to fight inflation, China abruptly reversed course on Monday, cutting interest rates and easing bank lending restrictions in response to signs that growth in the Chinese economy was slowing.

China's restrictions on large movements of money in and out of the country and its immense reserves of foreign currency have insulated its financial markets from the troubles shaking Wall Street. But this has not been enough to protect China from a global economic downturn.

China's exports have slowed sharply, particularly when adjusted for inflation and expressed in China's currency. Real estate prices are weakening, particularly in coastal cities that depend on exports, and China's stock market has lost three-fifths of its value since October.

Since 2003, China's top economic priority has been to control inflation. But China's Politburo, the country's highest decision-making body, decided at a meeting on July 25 that the top economic goals should shift to sustaining economic development and limiting inflation, in that order.

The People's Bank of China, the country's central bank, echoed the Politburo on Monday in announcing the new direction of monetary policy.

The central bank said in a statement that the goal of the policy shift was to ''solve prominent problems in the current economic operation, implement the principle of giving different policies for different needs and optimizing the economic structure, and ensure a steady, rapid and sustained development.''

Stock exchanges here were closed Monday for a holiday. The central bank has a history of announcing important monetary policy shifts over weekends or public holidays, often giving advance warning so banks have more time to prepare.

Western economists welcomed Monday's moves toward lower interest rates and less stringent limits on lending.

''We see these adjustments as a positive step given the unprecedented uncertainties in the international financial markets and rising downside risks in the domestic economy, in particular the real estate sector,'' Goldman Sachs said in a research note.

The technical details of Monday's monetary policy changes were complex.

Effective Tuesday, the People's Bank of China lowered by 0.27 percent, to 7.2 percent, the regulated benchmark rate that commercial banks may charge for one-year loans to business borrowers with strong credit histories. Rates for shorter-term loans will be generally cut even more while rates for longer-term loans will be subject to smaller adjustments, the central bank said, without providing details.

The central bank also lowered by a full percentage point the share of assets that small and medium-size banks must deposit as reserves with the central bank, effective Sept. 25. The so-called reserve requirement ratio is an important tool in China for limiting how much money can be lent by commercial banks.

The central bank had rapidly ratcheted up the ratio, from 6 percent in August 2003 to 14.5 percent in December and 17.5 percent in June.

But the People's Bank of China made a point on Monday of not lowering the reserve requirement ratio on Monday for the country's six largest banks. These are the Industrial and Commercial Bank of China, the Agricultural Bank of China, the Bank of China, the China Construction Bank, the Bank of Communications and the Postal Savings Bank of China.

These institutions account for more than two-thirds of the banking market in China. The central bank needs large sums of reserves, for which it pays 1.89 percent interest to the banks, so that it can continue buying large sums of foreign exchange reserves.

By buying tens of billions of dollars worth of foreign currency each month, the Beijing authorities have been able to limit the rise of China's currency, the yuan, against the dollar. This has preserved much of the competitiveness of Chinese exports.

The People's Bank of China is in discussions with the finance ministry for an injection of capital, which would strengthen the central bank's balance sheet and make it easier for the central bank to reduce the reserve requirement ratio.

The central bank also cut this ratio by 2 percentage points for banks in areas damaged by the Sichuan province earthquake on May 12.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** September 16, 2008

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: A garment factory in Zhejiang Province. A decline in exports, including textiles, worries China.(PHOTOGRAPH BY CHINA PHOTOS/GETTY IMAGES)

**PUBLICATION-TYPE:** Newspaper

Copyright 2008 The New York Times Company

86 of 100 DOCUMENTS

The New York Times

September 4, 2008 Thursday

Late Edition - Final

**Coke Offers To Acquire Juice Firm In China**

**BYLINE:** By DAVID BARBOZA

**SECTION:** Section C; Column 0; Business/Financial Desk; Pg. 3

**LENGTH:** 659 words

SHANGHAI -- The Coca-Cola Company said on Wednesday that it had made a bid to acquire one of China's largest beverage makers for about $2.5 billion.

The deal for the China Huiyuan Juice Company, if completed, would be one of the biggest foreign takeovers of a Chinese company, at a time when more American companies are investing in the country's fast-growing food and beverage industries.

Goldman Sachs now owns major stakes in two large Chinese meat companies. Earlier this year, Smithfield Foods, the large American meat producer, acquired a stake in a Chinese agriculture company. And McDonald's, KFC, Pizza Hut and Starbuck's are all expanding aggressively here.

Coca-Cola, which is also making its own big push into China, announced the deal in Hong Kong on Wednesday morning, calling Huiyuan, a ''long-established and successful juice brand in China.''

Huiyuan, which is based in Beijing and had revenue of about $380 million in 2007, is widely recognized in China as one of the country's biggest producers of fresh orange, apple and pear juice. The deal could give Coke a strong presence in that market.

Coke was an official sponsor of the 2008 Olympics and aggressively marketed itself in Beijing this summer. The company already sells the equivalent of more than a billion bottles of Coke annually in China, and also markets Sprite and Minute Maid orange juice here.

Food prices have been rising sharply in China, partly because of a fast-growing middle class that is turning more and more to modern supermarkets and fast-food restaurants.

But only a small number of food and beverage makers in China are national powers, partly because of political and logistical problems.

Huiyuan, pronounced HWEY-yew-en, is one of those companies. Founded in 1992, Huiyuan has 31 beverage factories around the country and a strong presence in China's biggest cities, like Beijing and Shanghai.

Sales of Huiyuan beverages have doubled in the last few years.

Huiyuan went public in Hong Kong in 2007, but its shares fell sharply this year, along with the Chinese and Hong Kong stock markets. After Coke made its takeover offer Wednesday, the company's Hong Kong shares soared more than 164 percent, nearly tripling to 10.94 Hong Kong dollars a share from $4.14.

''This is a major transaction, and an interesting one since it's primarily an acquisition of a Hong Kong-listed company,'' said Steven Xiang, China managing partner at Weil Gotshal who was involved in Lenovo's $1.2 billion acquisition of I.B.M.'s personal computer business in 2005. ''But they'll most likely have to go through approvals with the Chinese government under the new antimonopoly law.''

Huiyuan says that it has about 46 percent of China's fresh juice market, according to A. C. Nielsen, and that it exports beverage products to 30 countries, including the United States and Japan.

Geoff Walsh, a Coca-Cola spokesman in Hong Kong, said Huiyuan had a compound annual growth rate of 31 percent over the last three years, while the Chinese juice market has grown by about 12 percent a year. ''It's just so complementary to our business in China,'' Mr. Walsh said.

Danone, the French food giant, owns a large stake in Huiyuan, and Coke said Danone and other large shareholders have already agreed to sell their about two-thirds stake in the juice company.

Danone's experience in China also shows some of the pitfalls of doing deals here.

Danone is now in a fierce and high-profile legal battle with Wahaha, China's biggest beverage maker, over who controls the joint venture between the two companies.

As for Coke's $2.5 billion offer, only a handful of Western companies have made larger investments in a Chinese company, and most of them have involved banks, according to Dealogic, which tracks merger and acquisitions in China.

For instance, the Royal Bank of Scotland, Merrill Lynch and others paid $3.1 billion in 2005 for a 10 percent stake in the Bank of China ahead of its initial public stock offering.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** March 19, 2011

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: The China Huiyuan Juice Company, which had revenue of about $380 million in 2007, makes orange, apple and pear juice, which are sold alongside Coca-Cola in China.(PHOTOGRAPH BY REUTERS)

CHART: Investing in China: Coca-Cola's bid for China Huiyuan Juice is one of the largest offers by an outside investor in China.Chart details bar graph. (Source: Dealogic)

**PUBLICATION-TYPE:** Newspaper

Copyright 2008 The New York Times Company

87 of 100 DOCUMENTS

The New York Times

July 27, 2008 Sunday

Late Edition - Final

**Descendants of the Dragons**

**BYLINE:** By ORVILLE SCHELL.

Orville Schell is director of the Asia Society Center on U.S.-China Relations and former dean of the Graduate School of Journalism, University of California, Berkeley. Andrew Smeall, Leah Thompson, Michael Zhao and John Delury contributed reporting.

**SECTION:** Section EDLIFE; Column 0; Education Life Supplement; POP QUIZ CHINA STUDIES; Pg. 33

**LENGTH:** 822 words

China never ceases to interest, or to perplex. After a century and a half of reinventing itself, trying on various new modern guises, China has become a place with opposites often in jarring juxtapositions. Its economic boom, rapidly expanding middle class and high-gear global quest for resources and markets contrast sharply with the continuing authoritarianism of its official politics. What China will look like in a decade or so is hard to say, but wherever it is headed, it is going there with enormous energy. With demonstrations in ethnic Tibetan areas, an earthquake in Sichuan Province and the Summer Olympic Games about to open in Beijing, the world's fascination with China has only intensified. Below, 32 questions designed to shed some light.

ORIGINS TO OLYMPICS

1. What is the origin of the name China?

2. In imperial China, what did the dragon symbolize?

3. The Forbidden City, in central Beijing, is the world's largest surviving palace complex. How many rooms does it have?

4. The British gave Hong Kong back to China in 1997, after 155 years of colonial rule. How did they get control of it?

5. In the mid-1800s, Hong Xiuquan sought to overthrow the Qing Dynasty in a revolt that cost more than 20 million lives. Hong believed his mandate to rule stemmed from his relation to which holy figure?

6. With the Communist Party takeover in 1949, the seat of government moved to Beijing (literally ''northern capital'') from which southern city?

7. The People's Liberation Army occupied Tibet in the early 1950s, ushering in the incorporation of Tibetans into the People's Republic of China. Which future national leader commanded the military units?

8. Name the Wellesley graduate who married a Chinese leader, became an important player in World War II politics and died in New York City in 2003 at age 105.

9. How many times was Mao married?

10. Which of the following was not one of the ''five black categories'' purged during the Cultural Revolution?

a. Landlords

b. Rich farmers

c. Counterrevolutionaries

d. Bad elements

e. Criminals

f. Right-wingers

11. American news organizations were first allowed to establish resident bureaus in Beijing with the normalization of relations with China. What year?

12. How many people were killed after the 1989 pro-democracy demonstrations at Tiananmen Square in Beijing, according to the Chinese government?

13. Which of these official posts did Deng Xiaoping hold at the time of his death?

a. Secretary general, Communist Party

b. Chairman, China Bridge Association

c. President, People's Republic of China

d. Premier

14. According to a posthumous assessment by the Communist Party, what percentage of Mao's policies while in office were judged ''correct''?

15. Which of these rights are guaranteed by China's current constitution?

a. Right to vote

b. Freedom of speech

c. Freedom of the press

d. Freedom of demon-

stration

e. Freedom of religious

belief

f. All of the above

g. None of the above

16. Why are the Olympic Games opening on Aug. 8, 2008, at 8:08:08 p.m.?

17. Which Olympic events won China the most medals at the last Summer Games, in Athens?

THE PEOPLE

18. According to current estimates, China has a fifth of the world's population. What percentage of the world's arable land does it have?

19. Nine cities in the United States have populations of more than one million. How many Chinese cities have at least one million?

20. Tibetans get the headlines, but the Chinese government recognizes 54 other minorities, including Uighurs, Uzbeks and Mongolians. What percentage of the total population of China is ethnic Tibetan?

21. Chinese people call them ''little emperors.'' To whom are they referring?

22. By the end of 2007, the number of users of this technology in China exceeded 547 million. What is it?

23. Cole slaw never caught on in China. So KFC, which has more than 2,200 outlets there, offers other sides with its fried chicken. What are they?

24. How many foreign films does the government allow in China each year?

25. A Zeng Fanzhi painting that fetched $9.7 million, an auction record for a contemporary Chinese work, depicts eight masked figures wearing red neckerchiefs. What do they represent?

26. What was the most widely published book in China during the 20th century?

THE BOOM

27. The United States growth rate was 2.2 percent last year. What was China's?

28. The Hurun Report, which tracks the wealthy, counted three billionaires in China in 2004. How many in 2007?

29. How much of China's energy comes from coal?

30. The image is familiar: a bicycle-clogged street in Beijing. But things are changing. How many cars were produced each day in China last year?

31. What is the annual melt rate of the Tibetan Plateau glaciers that supply water to most of Asia's major river systems?

32. How much of 2007's increase in global carbon emissions came from China?

Answers are on Page 36.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** July 27, 2008

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTOS: 16, 2, 14, 3 (PHOTOGRAPHS BY REUTERS

GUGGENHEIM MUSEUM VIA ASSOCIATED PRESS

ASSOCIATED PRESS, 1966

CHANG W. LEE/THE NEW YORK TIMES)

**DOCUMENT-TYPE:** List

**PUBLICATION-TYPE:** Newspaper

Copyright 2008 The New York Times Company

88 of 100 DOCUMENTS

The New York Times

June 11, 2008 Wednesday

Late Edition - Final

**Paulson's Path to China: Progress, but Miles to Go**

**BYLINE:** By STEVEN R. WEISMAN

**SECTION:** Section C; Column 0; Business/Financial Desk; NEWS ANALYSIS; Pg. 1

**LENGTH:** 1222 words

**DATELINE:** WASHINGTON

Two years ago, Treasury Secretary Henry M. Paulson Jr. left Goldman Sachs and joined the Bush administration, hoping to use his expertise and contacts to ease economic tensions with China. His other goal was to stop Congress from passing legislation that might make tensions worse.

Today the administration has won only limited concessions from China. But it is also breathing a bit easier about possible retaliation by Congress.

Legislation aimed at punishing China over its currency practices, which have kept the price of Chinese exports artificially low, seemed to have momentum earlier this year. But in the waning weeks of Congress, lawmakers and their aides say its prospects are doubtful.

Mr. Paulson, meanwhile, will be leading a delegation of cabinet members to meet with their Chinese counterparts in Annapolis, Md., next week at what will be the fourth semiannual round of high-level economic talks under the ''strategic economic dialogue'' started in 2006.

Administration officials say that while several specific trade issues have been resolved in the last two years, they are increasingly concerned that China is backtracking by using regulations, standards and other means to favor Chinese industry and shut out foreign competition.

The Chinese have their own list of complaints, producing a discordant atmosphere for the talks. In a scathing critique of American policies, for example, the Chinese envoy to the World Trade Organization charged in Geneva on Monday that the United States had let the dollar depreciate against other currencies, choking the global economy with high oil and food prices.

The dollar's decline, said Sun Zhenyu, the Chinese envoy, had also shrunk the value of reserves held by China and other countries. He charged that the Bush administration had engaged in continuous abuse of the world trading system by having imposed duties on Chinese goods, maintained high tariffs and subsidies on many American products and restricted the export of high technology to China.

Mr. Paulson said Tuesday that in Annapolis he would press for a more open Chinese economy and convey ''the concerns of American companies that China's investment regulations are opaque and seem in many ways to be designed to favor China's 'national champions.' ''

Over all, Mr. Paulson insisted, speaking at the Carnegie Endowment for International Peace, the United States-China relationship is ''growing in a positive direction.''

Lawmakers in Congress may not share that view, but several factors appear to have taken the steam out of their willingness to act.

First, the devastating Chinese earthquake and the global efforts to help its victims make this an inappropriate time in the eyes of some to be punishing China over its trade practices.

Second, although Congressional ire remains focused on China's intervention in the currency markets, the yuan has appreciated nearly 20 percent since mid-2005.

As a result, the growth of exports to China is now outstripping the growth of imports from China, and the China-United States trade deficit is heading slightly downward from its record level of $256 billion last year.

There is also a stubborn dispute in Congress between the approaches of two competing bills, one passed by the Senate Finance Committee and the other by the Senate Banking Committee, to punish China if it does not do more to let its currency rise in value.

Attempts are being made to resolve the differences, but the prospects are doubtful because Congress is caught up in a heavy load of other business and election concerns.

During the height of the Democratic presidential primaries, the candidates expressed much skepticism toward free trade in general. But now business leaders opposing trade sanctions say they are pleasantly surprised that an anti-China measure may not materialize.

''We're seeing a greater appreciation that exchange rates are complicated things,'' the president of the U.S.-China Business Council, John Frisbie, said. ''There's also a growing recognition that China is now our third-largest export market and that punitive measures to get China to move probably aren't going to get you to whatever the goal is.''

Mr. Frisbie said that the business community would support a continuation of the dialogue set up by Mr. Paulson in a new administration next year.

Mr. Paulson and other administration officials say that the purpose of the ''strategic economic dialogue'' is not to solve nettlesome trade issues but to engage in broad dialogue about big topics. Next week, the topic is energy and the environment.

China and the United States are the two largest importers of oil and largest purchasers of cars. China is also the world's biggest consumer and producer of coal, and pollution from its coal-fired industries is believed to be a major factor in global warming.

But American officials say they do not expect breakthroughs beyond pledges of greater cooperation. And even in the environment and energy arena, trade disputes are aggravating tensions.

The United States complains that China imposes steep tariffs on American technology that could be used to clean its air and water and improve its energy efficiency. Mr. Paulson said Tuesday that many American businesses will not sell sophisticated products to China, fearing that the Chinese will steal their technologies and copy them.

The sore points run the spectrum. Wall Street complains that China is not letting American banks, insurance companies and other institutions offer financial services, including credit cards. Barriers to direct investment in China remain formidable, American businesses say.

The new buzzword used by critics of China is ''industrial policy.'' Even the World Trade Organization, a neutral body, used the term in a report last month to describe China's use of government regulations and standards to foster domestic industries.

Commenting on the organization's report last month, Peter F. Allgeier, the American envoy to the W.T.O., said China's determination to be self-sufficient in critical areas was at ''the root of many of the problems'' between the Chinese leadership and its trading partners.

The actions have included the imposition of tariffs on steel, paper and other goods by the Commerce Department, and complaints filed at the W.T.O. The Chinese also complained about bills under consideration in Congress.

Many experts say that China is unlikely to make any major concessions on trade in the remaining months of the Bush administration, and that its leadership may prefer to try to improve the atmosphere for a new incoming president, whether Democratic or Republican.

In addition, some say the United States has lost a bit of leverage in its continual preaching to the Chinese about the benefits of liberalizing its economy, in light of the credit and housing crises that administration and Federal Reserve officials concede resulted from an overly lax regulatory environment at home.

''We're certainly getting scrutinized by the Chinese over the way we've handled our markets,'' said Myron Brilliant, vice president for East Asia at the United States Chamber of Commerce. ''The Chinese are saying, 'Why should we completely open our economy and subject ourselves to these challenges?' It's made our case more difficult.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** June 11, 2008

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTOS: Treasury Secretary Henry Paulson has stressed dialogue with China.(PHOTOGRAPH BY MATTHEW CAVANAUGH/EUROPEAN PRESSPHOTO AGENCY)

Henry Paulson said he would convey concerns that that ''China's investment regulations are opaque'' and favor national industry.(PHOTOGRAPH BY DENNIS BRACK/BLOOMBERG NEWS)(pg. C14)

**DOCUMENT-TYPE:** News Analysis

**PUBLICATION-TYPE:** Newspaper

Copyright 2008 The New York Times Company

89 of 100 DOCUMENTS

The New York Times

May 26, 2008 Monday

Late Edition - Final

**China Orders 6 Telecoms To Merge Their Assets**

**BYLINE:** By BLOOMBERG NEWS

**SECTION:** Section C; Column 0; Business/Financial Desk; Pg. 6

**LENGTH:** 669 words

China has told its six telecommunications companies to merge their assets, allowing fixed-line carriers to expand into wireless services and creating three operators that will offer phone and Internet connections to 1.3 billion people.

Under the plan, the parent of China Telecom will buy a mobile phone network from the parent of China Unicom, which in turn will merge with the company that controls the China Netcom Group, the Ministry of Industry and Information said in a statement on Saturday. China will issue three third-generation wireless licenses after the overhaul is completed, it said.

The revamp will help China Telecom and Netcom expand their operations to compete against China Mobile in China, the world's biggest wireless and Internet market by users.

China had 583.5 million mobile phone users at the end of April, exceeding the combined populations of the United States and Japan. But the $105 billion industry has room to expand because 6 out of 10 people in China still do not own mobile phones and 84 percent of the population lacks Web connections.

''Everyone has been waiting for it for over three years and now it is here,'' said Kelvin Ho, a Hong Kong-based analyst at Nomura International, referring to the reorganization plan. ''Creating three full-service phone companies offering both fixed and mobile services will help the fixed-line phone companies.''

The statement, jointly issued with the Ministry of Finance and the National Development and Reform Commission, did not give a timeframe for the plan or financial details.

China Telecom said in a statement on Sunday that it was in talks to buy Unicom's code-division multiple access technology business, or C.D.M.A. -- the technology that is used in Japan and South Korea. The companies have not agreed on a price. In a separate release, Unicom confirmed those talks and also said it was discussing a merger with Netcom.

Trading in shares of Netcom, China Unicom and China Telecom was suspended on Friday at the companies' request after a report from the official Xinhua News Agency prompted speculation that China was poised to announce its plans for the industry. Trading will continue to be suspended in Hong Kong pending further announcements, according to the statements.

China Mobile, which has nearly 400 million customers and is the world's largest phone company by users, fell the most in two months in Hong Kong trading. The drop wiped out $12.8 billion in market value on concern that the company would face increased competition.

China Telecom, the nation's biggest fixed-line company, will acquire Unicom's smaller mobile-phone network, which provides services to 43 million customers based on the C.D.M.A. technology, according to the statement. China Telecom will also get the phone assets of China Satellite Communications, the statement said.

Unicom's C.D.M.A. network, the smaller of the company's two wireless networks, and its subscribers are worth about 111 billion yuan ($16 billion), according to estimates by Goldman Sachs in a March report.

The China Network Communications Group, Netcom's parent, will merge with Unicom's parent to offer fixed-line and mobile phone services based on the global system for mobile communications technology, or G.S.M., which is the technology used in most of the world, according to the statement.

Unicom had 125.4 million G.S.M. customers as of the end of April, according to the company. Netcom, the nation's second-largest fixed-line company, had 108.7 million phone users.

China Mobile, which counts more than two-thirds of the nation's mobile phone users as customers, will take control of the unlisted Tietong, the statement said, confirming the Xinhua report.

Chinese regulators aim to boost competitiveness at fixed-line operators before the nation introduces 3G high-speed wireless services, which will require billions of dollars in investments for network equipment. The government has said it plans to offer 3G during the Olympic Games in August.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** May 26, 2008

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2008 The New York Times Company

90 of 100 DOCUMENTS

The New York Times

February 1, 2008 Friday

Late Edition - Final

**Blizzards and Coal Shortages Strain China's Rail Network**

**BYLINE:** By DAVID LAGUE

**SECTION:** Section A; Column 0; Foreign Desk; Pg. 8

**LENGTH:** 765 words

**DATELINE:** BEIJING

After blizzards disrupted coal deliveries, acute electricity shortages across a swath of central and southern China have exposed the fragility of transportation networks in the world's fastest-growing major economy.

In addition to causing chaos at transportation hubs as up to 200 million migrant workers and other travelers try to return home for the Lunar New Year festival next week, the ice and snow have also restricted coal shipments along critical rail arteries feeding power stations in the southeast, China's densely populated manufacturing heartland.

Food prices are increasing in major cities, as distribution bottlenecks hamper deliveries of vegetables and meat, the official Xinhua news agency reported Thursday.

In a sign of the Communist Party's nervousness about widespread resentment just before the country's most important holiday, senior leaders, including Prime Minister Wen Jiabao, visited train stations to assure frustrated travelers that the authorities were working to solve the delays.

The huge crowds waiting in freezing cold at some railway stations in southern China began to clear Thursday, the state news media reported, as rail service to central and inland provinces became more frequent.

But electricity shortages were expected to continue after supplies were disrupted to 17 provinces, or about half the country, in recent weeks.

The provinces of Guangdong, Guangxi, Guizhou, Hunan, Anhui and Jiangsu had the worst problems, with more than 30 million people affected by blackouts or brownouts, according to government estimates. Steel and aluminum output is also expected to suffer, analysts said.

''I think the current weather-related problems have major ramifications for the manufacturing sector and therefore the economy, let alone the fact you have a lot of unhappy people,'' said Victor Shum, an analyst based in Singapore for the energy consultants Purvin & Gertz.

China mined about 2.5 billion tons of coal last year, according to government statistics, and burning that fuel supplies more than 80 percent of the country's electricity.

Despite the severe air pollution in urban and industrial centers and international pressure to reduce greenhouse gas emissions, most analysts expect China's coal consumption to increase for decades if rapid economic growth continues.

The bulk of China's coal is mined in the western provinces of Shaanxi and Shanxi and the northwestern region of Inner Mongolia. But many coal customers are clustered in the industrialized southeastern and central coastal provinces, so coal must be hauled on China's vast but overextended rail network.

More than 40 percent of rail capacity is devoted to moving coal, and the authorities have been investing heavily in new lines and cargo-handling facilities in an attempt to keep up with demand.

Despite these efforts, China has suffered persistent power shortages in industrial centers for more than five years as electricity output has failed to meet the demand from a booming economy.

This problem became much worse when heavy snow and ice over the past two weeks damaged electricity grids and cut power supplies to the rail networks in central China that carry the bulk of coal to power stations.

Some power stations in southern China were operating with only a few days of fuel in reserve, government officials said.

Fuel stocks at power plants operated by the State Grid Corporation of China, which account for more than 10 percent of the country's installed generation capacity, fell to record lows, the official news media reported.

Officials warned this week that coal supplies could be further hit when some mines closed over the Lunar New Year holiday.

In response, the authorities have diverted extra rail cars to moving coal and sharply increased the volume shipped south by sea from the major northern port of Qinhuangdao.

In an effort to limit shortages, the government last week ordered the port authorities to halt coal exports for two months.

Some analysts have said that government policy had contributed to the power shortages.

Trying to contain rising inflation and to avoid antagonizing consumers, the authorities have capped the prices that utilities can charge for power, even as coal prices have been soaring. Without the incentive of adequate profits, power producers have been reluctant to increase output, analysts say.

''If there had not been this mismatch, power producers, particularly in Guangdong, might have been more aggressive in importing coal,'' Mr. Shum, the analyst in Singapore, said.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** February 1, 2008

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: A sick passenger was carried from the crowd of travelers on Thursday at the train station at Guangzhou, China.(PHOTOGRAPH BY VINCENT YU/ASSOCIATED PRESS)

**PUBLICATION-TYPE:** Newspaper

Copyright 2008 The New York Times Company

91 of 100 DOCUMENTS

The New York Times

January 13, 2008 Sunday

Late Edition - Final

**Two Giants Try to Learn to Share Asia**

**BYLINE:** By JIM YARDLEY and SOMINI SENGUPTA.

Jim Yardley reported from Beijing, and Somini Sengupta from New Delhi.

**SECTION:** Section 1; Column 0; Foreign Desk; Pg. 10

**LENGTH:** 1119 words

**DATELINE:** BEIJING

Prime Minister Manmohan Singh of India will arrive in Beijing on Sunday for a three-day visit to China, with each country eager to increase bilateral trade, promote mutual friendship and offer reassurances that Asia is big enough to accommodate the ambitions of both rising powers.

Mr. Singh is visiting China for the first time as prime minister, when his government also has drawn closer to Japan and the United States. But Indian officials insist that India is not a proxy for American interests and is not plotting to form alliances to counter China's rise. India also wants Chinese cooperation on nuclear issues and managing the unrest in Pakistan.

''I have made it clear to the Chinese leadership that India is not part of any so-called contain China effort,'' Mr. Singh said last week, the Press Trust of India news agency reported.

China sees the trip as the latest proof of its maturing relationship with India after decades of hostility and mistrust rooted in a brief border war in 1962. Neither side is expecting significant progress on lingering disputes, especially over their contested Himalayan border. But Chinese leaders consider warmer relations critical for avoiding the kind of regional instability that could threaten economic growth.

''The most important thing for the two countries is to create a favorable environment, a peaceful environment for development in the long term,'' said Sun Shihai, a South Asia specialist at the Chinese Academy of Social Sciences. ''So both sides are trying to make their policies more pragmatic toward each other.''

China and India are the world's fastest-growing major economies, though China is easily the more dominant. Its annual trade with India remains only fraction of its trade with Europe, Japan and the United States. But China-India trade is growing rapidly. When President Hu Jintao of China visited India in 2006, the countries pledged to double trade to $40 billion by 2010 -- a goal they nearly reached last year and are likely to surpass this year.

Both sides are expected to continue the trade push this week. Mr. Singh is bringing a large business delegation and is keen to correct a trade imbalance tipping in China's favor.

Mr. Singh will spend his entire trip in Beijing and is scheduled to address China's leading government research institute. He will be honored at a private dinner given by Prime Minister Wen Jiabao and will meet with Mr. Hu.

''China attaches great importance to Prime Minister Singh's visit and hopes to deepen the traditional friendship between the two countries,'' said Jiang Yu, a spokeswoman for the Chinese Foreign Ministry.

In New Delhi, senior Indian officials lowered expectations for any breakthroughs. They said the agenda was loaded with items based on old grievances and new challenges.

The border dispute includes competing land claims over the Indian state of Arunachal Pradesh. But a senior Indian official said Mr. Singh expected little progress because China is never inclined to use high-level visits to negotiate details. Officials in New Delhi offered a measured response to reports that China was rapidly building infrastructure near the disputed border.

''As of now, we are comfortable with our relations with China,'' Shiv Shankar Menon, the Indian foreign secretary, said Friday. ''We are both successful in maintaining peace and tranquillity along the border.''

Water is a growing bilateral concern, and the countries have established a joint committee to study the flow of rivers that originate in Tibet and flow into the Indian hills and plains. On issues of energy security, terrorism and climate change, the Indians see a confluence of interests, if not identical objectives.

Pakistan, India's old rival and China's equally old ally, is also on the agenda because both sides are concerned about political turmoil across that country.

''Both of us want this entire area to be peaceful and stable so we can get on with our lives, whether it's China's periphery or our periphery,'' a senior Indian official who was not authorized to speak on matters of strategic delicacy said last week,

One of India's biggest concerns is whether China will, even reluctantly, support India's bid to buy nuclear technology. The Bush administration has opened that door, but the request is subject to approval by the International Atomic Energy Agency and the Nuclear Suppliers Group. The Indian official said he did not expect China to actively block India's ambitions. ''I'm not saying they're happy with it, not at all,'' the official said. ''They won't be the ones to stand up.''

Meanwhile, China is expected to push India to further open itself to Chinese investment and business interests. China's telecommunications giant, Huawei, has hit snags in India, while China has complained about Indian laws devised to protect domestic industries from competition.

Economic competition is inevitable as India is rapidly expanding its manufacturing base -- China's strength -- while China is trying to move its economy toward the service and high-tech industries at the center of India's economic expansion. China's rising military capacity has alarmed Washington, which entered into a strategic dialogue with Japan and Australia in 2002. Proposals that India join that group of Pacific Rim democracies instantly attracted concern in Beijing.

Last week, Mr. Singh told reporters in New Delhi that those proposals ''never got going.'' Last year, India and China had joint military exercises for the first time. Michael J. Green, former director of Asian affairs at the National Security Council, said the United States was not discouraging warmer relations between India and China, but noted that tensions remained. He said China was quietly trying to oppose the United States-India nuclear deal and objected to including India on the United Nations Security Council. ''Beneath the surface, the Indians are very strategically wary of China,'' said Mr. Green, who teaches at Georgetown University.

China and India are increasingly playing roles in what have been each other's backyards. New Delhi has been courting Southeast Asian countries like Vietnam and Singapore, just as China's role is growing in Bangladesh and Sri Lanka.

Han Hua, an associate professor of international studies at Peking University in Beijing, said those underlying tensions were why China and India wanted to establish a broader spirit of cooperation to carry the relationship beyond specific grievances. She said the countries want to defy an old Chinese proverb, which holds that two tigers cannot share the same mountain.

''The two countries want to show the world that they can get along,'' she said.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** January 13, 2008

**LANGUAGE:** ENGLISH

**GRAPHIC:** PHOTO: Prime Minister Manmohan Singh of India played host to the premier of Greece last week before leaving himself for China. (PHOTOGRAPH BY HARISH TYAGI/EUROPEAN PRESSPHOTO AGENCY)

**PUBLICATION-TYPE:** Newspaper

Copyright 2008 The New York Times Company

92 of 100 DOCUMENTS

The New York Times

January 9, 2008 Wednesday

Late Edition - Final

**Shareholders of Big Chinese Regional Airline Rebuff Singapore Bid for Stake**

**BYLINE:** By DONALD GREENLEES

**SECTION:** Section C; Column 0; Business/Financial Desk; Pg. 4

**LENGTH:** 628 words

**DATELINE:** HONG KONG

Shareholders in China Eastern Airlines rejected a bid on Tuesday by Singapore Airlines to buy a stake in the company, opening the way for the parent of the nation's largest carrier, Air China, to make an offer of its own.

The stockholder vote came two days after Air China's parent, China National Aviation Holding, said it would make a higher bid if China Eastern were to reject the Singapore Airlines offer.

At stake, analysts say, are plans to force the consolidation of China's aviation industry and turn Air China into the dominant carrier in China, which has the world's largest aviation market outside the United States.

The outcome could give Air China a powerful grip on the nation's two main aviation hubs, Beijing and Shanghai, and the bulk of the Chinese markets for domestic and international air travel.

It will take at least several weeks for a clear picture to emerge, said Martin Craigs, president of Aerospace Forum Asia, an industry lobbying group.

The proposal by Singapore Airlines, made jointly with a state investment firm, Temasek Holdings, to acquire a 24 percent stake in China Eastern for 7.2 billion Hong Kong dollars ($923 million) was rejected by 78 percent of shareholders at a meeting in Shanghai. The deal was backed by the China Eastern board and by the Chinese cabinet, the State Council. Both China Eastern, which is based in Shanghai, and Air China, based in Beijing, are majority state-owned companies.

Since the price of 3.80 Hong Kong dollars a share was negotiated with the Singaporean investors and announced in September, China Eastern's stock price has jumped.

Air China's parent said Sunday that it would offer at least 5 Hong Kong dollars a share if the Singaporean bid was rejected. Cathay Pacific Airways, which has a close alliance with Air China because of a significant cross-holding, said Monday that it would consider any requests to join a strategic partnership of Air China and China Eastern.

China Eastern's chairman, Li Fenghua, said after the shareholder vote that he would oppose any bid by China National Aviation Holding to replace the Singaporean investors and would try to keep the deal with Singapore Airlines and Temasek alive.

But China Eastern might not have much choice, analysts said. Singapore Airlines and Temasek are expected to walk away from the deal rather than offer a higher price.

Adrian Lowe, an aviation analyst with CLSA Asia Pacific Markets in Hong Kong, said he doubted that the Singaporeans would return to the table with a fresh offer, denying China Eastern shareholders a hoped-for bidding war.

He said that China Eastern, which is carrying a huge debt burden and has had a succession of losses, still needed a strategic partner. Technically, he said, it would be bankrupt in any other country, but it still has government ownership and subsidies.

The vote by shareholders was considered a victory for Li Jia- xiang, who was appointed head of the Civil Aviation Administration late in December.

Mr. Li, former chairman of Air China, has been an outspoken advocate of creating a supercarrier in China. His appointment might have been an influential factor in the intervention by China National, which tipped the balance against the Singapore deal.

Mr. Li has argued that the creation of a dominant carrier is essential to ensure that China can compete against global carriers as they increasingly serve the Chinese market.

Mr. Craigs, the industry lobbyist, said policy considerations might play as big a part as the commercial merits of any partnership in the outcome of the battle over China Eastern.

If China has decided to go down the road of a supercarrier solution, he said, then China Eastern is not going to have many options or much independence.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** January 9, 2008

**LANGUAGE:** ENGLISH

**GRAPHIC:** Photos: The chairman of China Eastern Airlines, Li Fenghua, left, leaving the shareholders' meeting in Shanghai yesterday.

China Eastern passengers checked in at a Beijing airport counter. (PHOTOGRAPHS BY AGENCE FRANCE-PRESSE -- GETTY IMAGES)

**PUBLICATION-TYPE:** Newspaper

Copyright 2008 The New York Times Company

93 of 100 DOCUMENTS

The New York Times

June 15, 2007 Friday

Late Edition - Final

**Eating Beyond Sichuan**

**BYLINE:** By Nina Zagat and Tim Zagat.

Nina Zagat and Tim Zagat are the co-founders of the Zagat restaurant survey.

**SECTION:** Section A; Column 1; Editorial Desk; Pg. 25

**LENGTH:** 690 words

TWENTY years ago, American perceptions of Asian food could be summed up in one word: ''Chinese.'' Since then, we have developed appetites for Korean, Japanese, Thai and Vietnamese fare. Yet while the quality of the restaurants that serve these cuisines, particularly Japanese, has soared in America, Chinese restaurants have stalled. For American diners, the Chinese restaurant experience is the same tired routine -- unimaginative dishes served amid dated, pseudo-imperial decor -- that we've known for years.

Chinese food in its native land is vastly superior to what's available here. Where are the great versions of bird's nest soup from Shandong, or Zhejiang's beggar's chicken, or braised Anhui-style pigeon or the crisp eel specialties of Jiangsu? Or what about the tea-flavored dishes from Hangzhou, the cult-inspiring hairy crabs of Shanghai or the fabled honeyed ham from Yunnan? Or the Fujianese soup that is so rich and sought after that it is poetically called ''Buddha Jumps Over the Wall,'' meaning it is so good that a Buddhist monk would be compelled to break his vegetarian vows to sample it?

Like so many other aspects of Chinese life, the culinary scene in China is thriving. As capitalism has gained ground there, restaurants have become a place for people to spend their newfound disposable incomes. Cooking methods passed down within families over the centuries have become more widely known as chefs brought the traditions to paying customers. Today, there are a number of regional cuisines known in China as the Eight Great Traditions (Anhui, Cantonese, Fujian, Hunan, Jiangsu, Shandong, Sichuan and Zhejiang cuisines). Unless you've visited China, they most likely have never reached your lips.

That's because the lackluster Cantonese, Hunan and Sichuan restaurants in this country do not resemble those you can find in China. There is a historic explanation for the abysmal state of Chinese cuisine in the United States. Without access to key ingredients from their homeland, Chinese immigrants working on the Central Pacific Railroad in the 1860s improvised dishes like chow mein and chop suey that nobody back in their native land would have recognized. To please the naive palates of 19th-century Americans, immigrant chefs used sweet, rich sauces to coat the food -- a radical departure from the spicy, chili-based dishes served back home.

But today, getting ingredients is no longer an issue. Instead, the principal obstacle to improving Chinese fare here is the difficulty of getting visas for skilled workers since 9/11. Michael Tong, head of the Shun Lee restaurant group in New York, has said that opening a major Chinese restaurant in America is next to impossible because it can take years to get a team of chefs from China. Chinese restaurateur Alan Yau planned to open his first New York City restaurant last year but was derailed because he was unable to get visas for his chefs.

If Henry Kissinger could practice ''Ping-Pong diplomacy,'' perhaps Condoleezza Rice could try her hand at ''dumpling diplomacy''? China and the United States should work together on a culinary visa program that makes it easier for Chinese chefs to come here. With more chefs who are schooled in China's dynamic new restaurant scene, we would see a transformation of the way Chinese food is served in this country.

Imagine, if you will, what it would be like to discover for the first time Memphis-style barbecue, New York deli food, soul food and Creole, Tex-Mex, Southwestern, California and Hawaiian cuisines all at once. Eating food prepared by an influx of Chinese chefs would be like opening up a culinary time capsule.

When authentic Chinese cuisines reach our shores, we can expect a revolution in ingredients and styles that will change the way we prepare food for years to come. Look how quickly our taste for offal, sous-vide cooking and tasting menus have grown. We have a much more ambitious dining culture today than we did 150 years ago.

So, we welcome Chinese chefs to share their authentic cuisines with us. American palates, unlike those of previous generations, are ready for the real stuff.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** June 15, 2007

**LANGUAGE:** ENGLISH

**GRAPHIC:** Drawing (Drawing by Stephen Doyle)

**DOCUMENT-TYPE:** Op-Ed

**PUBLICATION-TYPE:** Newspaper

Copyright 2007 The New York Times Company

94 of 100 DOCUMENTS

The New York Times

June 11, 2007 Monday

Late Edition - Final

**Heavy Rains Set Off Flooding in Southern China**

**BYLINE:** By JIM YARDLEY

**SECTION:** Section A; Column 1; Foreign Desk; Pg. 11

**LENGTH:** 374 words

**DATELINE:** BEIJING, June 10

Torrential rains in southern China have unleashed surging floodwaters that have swept through small cities and farming villages, claiming at least 66 lives, forcing nearly 600,000 people to be relocated and destroying millions of dollars in property, the state news media reported Sunday.

Rescue efforts were under way in the southern provinces of Hunan, Guizhou, Guangdong and Guangxi, as the floodwaters swept through mountainous regions prone to landslides. Nearly nine million people were directly affected by the flooding, and factories and other enterprises have been closed in some areas, according to Xinhua, China's official news agency.

Heavy rains began last Wednesday in southern China and deluged the region into the weekend. By Sunday, the rains had subsided in Guangxi Province, but more flooding was possible as water levels in local rivers were expected to keep rising for several days. Guangxi had reported eight deaths as well as extensive property damage, including the destruction of more than 3,700 homes and thousands of acres of cropland.

Flooding is an annual early summer event in southern China and a reminder of the country's contradictory weather patterns. Even as the south is awash in floodwaters, other regions of China are gripped by record drought. In the southwestern corner of Sichuan Province, drought is so severe that trucks are delivering emergency water supplies.

Major cities along the southern coast, including the manufacturing export centers in Guangdong Province, were not reporting any flooding problems. But water was chest high in other parts of the province, including Zi Jin County, where some towns were experiencing the worst flooding in 50 years. In one town, state news media showed a group of men carrying a pregnant woman atop a makeshift barge through waist-deep water.

Earlier this year, Chinese experts warned that southern China could experience serious flooding this summer, particularly along the middle and lower sections of the Yangtze River. In spring, there was major drought on the upper reaches of the river, and the experts warned that flooding could follow.

China Central Television estimated property damages at 1.5 billion yuan, or about $198 million, for the region.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** June 11, 2007

**LANGUAGE:** ENGLISH

**GRAPHIC:** Map of China highlighting Beijing: Experts had predicted flooding on the Yangtze, west of Shanghai.

**PUBLICATION-TYPE:** Newspaper

Copyright 2007 The New York Times Company

95 of 100 DOCUMENTS

The New York Times

May 24, 2007 Thursday

Late Edition - Final

**Snubbed by U.S., China Finds New Space Partners**

**BYLINE:** By JIM YARDLEY

**SECTION:** Section A; Column 4; Foreign Desk; Pg. 1

**LENGTH:** 1654 words

**DATELINE:** BEIJING, May 23

For years, China has chafed at efforts by the United States to exclude it from full membership in the world's elite space club. So lately China seems to have hit on a solution: create a new club.

Beijing is trying to position itself as a space benefactor to the developing world -- the same countries, in some cases, whose natural resources China covets here on earth. The latest and most prominent example came last week when China launched a communications satellite for Nigeria, a major oil producer, in a project that serves as a tidy case study of how space has become another arena where China is trying to exert its soft power.

Not only did China design, build and launch the satellite for Nigeria, but it also provided a huge loan to help pay the bill. China has also signed a satellite contract with another big oil supplier, Venezuela. It is developing an earth observation satellite system with Bangladesh, Indonesia, Iran, Mongolia, Pakistan, Peru and Thailand. And it has organized a satellite association in Asia.

''China is starting to market and sell this technology to developing countries that need it,'' said Shen Dingli, a professor in international relations at Fudan University in Shanghai. Of the Nigeria deal, Mr. Shen added: ''It gives substance to Sino-African relations. Not only does China buy raw materials, but also we sell some things.''

For China, the strategy is a blend of self-interest, broader diplomacy and, from a business standpoint, an effective way to break into the satellite market. Satellites have become status symbols and technological necessities for many countries that want an ownership stake in the digital world dominated by the West, analysts say.

''There's clearly a sense that countries like Nigeria want to have a stronger presence in space,'' said Peter J. Brown, a journalist who specializes in satellite technology and writes frequently about the satellite market in Asia. ''As you look around the map, more and more countries are moving to get satellites up.''

China's more grandiose space goals, which include building a Mars probe and, eventually, putting an astronaut on the moon, are based on an American blueprint in which space exploration enhances national prestige and advances technological development. But Beijing also is focused on competing in the $100 billion commercial satellite industry.

In recent years, China has managed to attract customers with its less expensive satellite launching services. Yet it had never demonstrated the technical expertise to compete for international contracts to build satellites.

The Nigeria deal has changed that. Chinese engineers designed and constructed the geostationary communications satellite, called the Nigcomsat-1. A state-owned aerospace company, Great Wall Industry Corporation, will monitor the satellite from a ground station in northwestern China. It will also train Nigerian engineers to operate a tracking station in Abuja, their national capital.

Last week, a day after the launching, Ahmed Rufai, the Nigerian project manager for the satellite, was exultant as he paused between appointments at his Beijing hotel. Nigeria may be rich in oil, he said, but it lacks many of the basic building blocks of a modern, information-based economy.

''We want to be part of the digital economy,'' Mr. Rufai said, noting that Africa suffers more than any other continent from the so-called digital divide. ''We are trying to diversify the economic base of the country.''

Mr. Rufai predicted that the satellite would pay for itself within seven years as Nigeria sold bandwidth to commercial users. But he also predicted major improvements for Nigeria itself: ''distance learning'' educational programs for remote rural areas; online public access to government records; a video monitoring system of remote oil pipelines to allow quicker responses to spills; and an online banking system.

Nigeria is a risky customer for any satellite manufacturer. It is consistently rated one of the most corrupt nations, and at least one Western aerospace company has become embroiled in business disputes there. ''Business ventures with Nigeria have been difficult, to say the least,'' said Roger Rusch, president of TelAstra, a satellite communications consulting firm in California.

Nigeria put the project out for bidding in April 2004. Mr. Rufai said that 21 bids had arrived from major aerospace companies but that nearly all of them failed to meet a key requirement: a significant financial package.

Mr. Rufai said the Western companies saw Nigeria as a major gamble. ''Their response was very cool,'' he said of one financial institution approached about backing the deal. ''They said, 'Oh, Nigeria. Don't touch it.' ''

China was not so cautious. With the satellite priced at roughly $300 million, the state-owned Export-Import Bank of China, or China ExIm, granted $200 million in preferential buyer's credits to Nigeria. The bank often provides the hard currency for China's soft power aspirations: In Africa, China ExIm has handed out more than $7 billion in loans in recent years, according to one study.

''They were the only ones who stated in concrete terms that they would be able to support the project,'' Mr. Rufai said. Quality remained a concern. Last year, China suffered a major setback with the failure of the Sinosat-2. It was the most sophisticated satellite ever made in China, and it suffered a systems breakdown on its first launching. The Nigerian satellite was delayed for three months so that it could be retrofitted.

Joan Johnson-Freese, chairwoman of the Department of National Security Studies at the Naval War College, said China still trailed major aerospace companies in the quality and sophistication of its satellites, which is one reason it is marketing to developing countries. But, she added, the strategy was working on multiple levels.

''They want to play a leadership role for developing countries that want to get into space,'' Dr. Johnson-Freese said in an interview earlier this year. ''It's just such a win-win for them. They are making political connections, it helps them with oil deals and they bring in hard currency to feed back into their own program to make them even more commercially competitive.''

Satellites also are becoming vital to Beijing's domestic development plans. In the next several years, China could launch as many as 100 satellites to help deliver television to rural areas, create a digital navigational network, facilitate scientific research and improve mapping and weather monitoring. Research centers on microsatellites have opened in Beijing, Shanghai and Harbin, and a new launching center is under construction in Hainan Province.

But China's focus on satellites has also brought suspicions, particularly from the United States, since most satellites are ''dual use'' technologies, capable of civilian and military applications. Currently, China is overhauling its military in a modernization drive focused, in part, on developing the capacity to fight a ''high tech'' war.

Analysts say China's determination to develop its own equivalent to the Global Positioning System, or G.P.S., is partly because such a system would be critical for military operations if a war were to erupt over Taiwan.

Most alarmingly to Western countries, China conducted an antisatellite test in January by firing a missile into space, destroying one of its own orbiting satellites and scattering a trail of dangerous debris despite its oft-stated opposition to the use of weapons in space. Four months later, Washington is still trying to parse China's motivations, while China has offered little explanation.

Space relations between the powers were already frosty. Washington, responding to scandals over stolen technology, has tried for nearly a decade to isolate the Chinese space program through export restrictions that prohibit the use of American space technology on satellites launched in China. Washington also has prevented China from participating in the International Space Station and, in some cases, stopped Chinese scientists from attending space conferences in America.

Michael D. Griffin, NASA's administrator, did signal a thaw in relations when he visited China last fall. But critics say the American strategy has backfired. A recent critique of the Bush administration's space policy blamed Washington for alienating space allies with a ''go it alone'' philosophy. It also blamed the export restrictions for damaging American competitiveness and helping foreign competitors like China gain an advantage in the commercial market.

China, meanwhile, eyes the United States warily. Earlier this year, Eric Hagt, director of the China program for the World Security Institute, testified in Washington that China's increasing investment in space has made it feel more vulnerable at a time when the United States is advocating missile defense programs in the name of protecting against terrorist states.

China believes the United States is determined to dominate space, even as China's own national interests are increasingly tied to space, Mr. Hagt said. ''The United States needs to come to grips with the reality that China will demand more 'strategic room' in space,'' he told the federal U.S.-China Economic and Security Review Commission.

The United States is also realizing that many parts of the world are happy to give China that space. When the Nigerian satellite was launched, the blastoff was televised live to Nigeria, the Chinese news media reported. Nigerian newspapers proclaimed the satellite as a seminal moment in the country's efforts to modernize its economy.

Mr. Rufai, the Nigerian project manager, said he was certain that other developing countries had noticed how China had designed, built, launched and financed the satellite.

''It's a model that people will try to replicate,'' he said.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** May 24, 2007

**LANGUAGE:** ENGLISH

**GRAPHIC:** Photos: China designed, built and helped finance a communications satellite for Nigeria. It was launched from Sichuan Province in China on May 14. (Photo by Li Gang/Xinhua, via Associated Press)(pg. A1)

The successful launching of Nigcomsat-1, a communications satellite for Nigeria, was celebrated at the launching center in Xichang, China. (Photo by Li Gang/Xinhua, via Newscom)(pg. A12)

**PUBLICATION-TYPE:** Newspaper

Copyright 2007 The New York Times Company

96 of 100 DOCUMENTS

The New York Times

May 19, 2007 Saturday

Late Edition - Final

**Putting Aside His Past Criticisms, Teamsters' Chief Is on Mission to China**

**BYLINE:** By DAVID BARBOZA

**SECTION:** Section C; Column 2; Business/Financial Desk; Pg. 3

**LENGTH:** 559 words

**DATELINE:** SHANGHAI, May 18

Three years ago, the head of the Teamsters union, James P. Hoffa, derided China as xenophobic. He said that China did not believe in free trade and that the United States was losing jobs because China was unwilling to buy American goods.

But on Friday, with the United States trade deficit with China continuing to balloon, Mr. Hoffa arrived here to visit American-owned factories in China, meet with Chinese union leaders and even dine with top Communist Party officials.

''We felt it was time to get our head out of the sand and engage this enormous country,'' Mr. Hoffa said at a news conference.

The arrival of Mr. Hoffa, a dramatic gesture for the Teamsters, is a sign that some of America's biggest labor unions are willing to meet with Chinese officials as they try to deal with the consequences of globalization and the shift of more manufacturing jobs to this part of the world.

Mr. Hoffa began the first stop of a 10-day trip to China with members of several other large American labor unions, including the Service Employees International Union, the United Farm Workers and Change to Win, a coalition of unions that represents about six million workers.

''We've been behind the curve,'' said Greg Tarpinian, executive director of Change to Win. ''Nixon came in '71. We're coming in 2007.''

The American union leaders say they do not intend to collaborate with China's only state-controlled labor union, the All-China Federation of Trade Unions, but they hope that encouraging the government union to improve working conditions and wages in China will reduce the gap between costs in the United States and China.

For years, American unions refused to have any dealings with China's government-controlled union because it is not independent.

But now, American union leaders say that encouraging union leaders here may actually raise standards in China and around the world, thereby making American jobs more competitive.

''I think a dialogue with them is very constructive,'' Mr. Hoffa said. ''You can't ignore a union that claims to have 100 million workers.''

Asked about whether working with China's labor union could help improve American wages or conditions, Mr. Hoffa said: ''The way we see that changing is to raise the standards in China. I think a rising tide raises all boats.''

The visit comes as China's only official union is pressing multinational corporations like Wal-Mart and McDonald's to allow unions in their Chinese factories and stores.

Though long regarded as friendly toward management, the government-controlled union is starting to flex its muscle and is also helping to draft a new labor law that some American corporations are opposing on the grounds that it is unfair to corporations operating here and gives too much power to workers.

That proposed law, which has already been through a variety of drafts, may be passed as early as this summer, and American union leaders say they are angry that American companies are trying to oppose or weaken such a law.

''We've been concerned with how American corporations have attempted to water down that law,'' Mr. Hoffa said.

Lawyers working for some American corporations operating here, however, have insisted that existing labor laws are adequate but are often not enforced and that the new draft makes hiring and firing workers more difficult and cumbersome.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** May 19, 2007

**LANGUAGE:** ENGLISH

**GRAPHIC:** Photo: James P. Hoffa plans to meet with labor and party officials in China. (Photo by Eugene Hoshiko/Associated Press)

**PUBLICATION-TYPE:** Newspaper

Copyright 2007 The New York Times Company

97 of 100 DOCUMENTS

The New York Times

March 13, 2007 Tuesday

Late Edition - Final

**China's Trade Surplus Near Record Last Month**

**BYLINE:** By KEITH BRADSHER; Hilda Wang contributed reporting.

**SECTION:** Section C; Column 1; Business/Financial Desk; Pg. 3

**LENGTH:** 832 words

**DATELINE:** HONG KONG, March 12

China's already large export business has accelerated this year, with the customs agency announcing Monday that the February trade surplus nearly tied a record set in October.

The size of the surplus, $23.76 billion, surprised economists because Chinese exports tend to lag in the winter after surging in late summer and autumn, when deliveries are made to retailers preparing for Christmas.

China's rising trade surplus with the United States has produced growing pressure in Congress in recent weeks, and the latest announcement is likely to feed the debate. Lawmakers have proposed steep duties on Chinese exports unless China takes immediate action to end government subsidies to industries and to allow its currency to rise faster against the dollar.

The latest trade statistic ''will no doubt inflame political tensions on China trade,'' said R. Glenn Hubbard, a former chairman of President Bush's Council of Economic Advisers who is now dean of the Columbia Business School.

China's commerce minister, Bo Xilai, warned in Beijing Monday that China particularly opposes one proposal: imposition of a 27.5 percent tax on American imports from China unless the Chinese government allows significant currency appreciation. Mr. Bo described that option as destructive to bilateral trade.

Zhou Xiaochuan, the governor of China's central bank, said at a news conference with Mr. Bo that China would develop a financial system that depends more on markets and would allow greater flexibility in the value of the country's currency, known as the yuan or renminbi, news agencies reported from Beijing.

Chinese officials have periodically hinted that they might widen the limit on how much the yuan can trade up or down in a single day, currently set at three-tenths of a percent. But officials have given little sign that they are willing to allow faster appreciation of the yuan, which has crept up by 6.7 percent since China broke its peg to the dollar in July 2005.

During a speech last week in Shanghai, the United States Treasury secretary, Henry M. Paulson Jr., called for China to free its financial system from many government controls. But the Bush administration has opposed setting benchmarks for how fast the yuan should appreciate or threatening specific responses if any benchmarks are not met.

The February surplus nearly reached the record of $23.83 billion set in October. Taking January and February together -- a common adjustment made to eliminate variability caused by Chinese New Year festivities, which in any given year can be in either month -- the surplus soared to $39.61 billion this year compared with $12.16 billion in those months of 2006.

Most of the increase has come from a sharp acceleration in exports, while imports have slowed slightly. That suggests the appreciation of the yuan has not yet had a significant effect, said Liang Hong, a Goldman Sachs economist.

The J. C. & Winsons Company, a Hong Kong maker of gloves, hats, scarves and bags for export to stores in Europe, North America and Australia, is one of many examples of companies exporting from China that seem to have weathered the gradual rise of China's currency.

''The appreciation of the renminbi has obviously had an effect on our cost base, since all our products are made in China,'' said Betty Chong, a company director. ''However, up till now, I would not say that this fact has adversely affected our business. Typically, the relationships with our customers are longstanding ones, where reliability and excellent customer service are also key considerations.''

The Monday data was an initial snapshot of trade patterns in February, and did not break down trade with specific countries. Ms. Liang said that there were hints that China's exports were rising especially quickly to developing countries like India and certain African nations.

Chinese exports of manufacturing equipment for factories were particularly strong in February, for example. China tends to produce less sophisticated equipment than would typically be installed in highly automated factories in a country with high labor costs like the United States -- although Chinese manufacturers are rapidly improving the quality of their products.

Franklin L. Lavin, the under secretary of commerce for international trade, said that the annual growth rate of China's exports to the United States has been gradually slowing over the last several years, partly because China has been exporting more to countries other than the United States. On Monday, Mr. Lavin said in an e-mail message that in January, American exports to China rose 24.9 percent, while imports grew 19.8 percent. But imports from China were still more than four times the American exports.

The overall Chinese export surge, however, was broadly based. It included soaring shipments in January and February of goods like steel, up 180 percent, and furniture, up 48 percent, that have long been politically sensitive in industrialized countries.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** March 13, 2007

**LANGUAGE:** ENGLISH

**GRAPHIC:** Photo: A worker marking steel bars at an iron and steel factory in Changzhi, a city in northern China. Trade figures released yesterday showed that China's steel exports rose 180 percent in the last two months. (Photo by Reuters)

**PUBLICATION-TYPE:** Newspaper

Copyright 2007 The New York Times Company

98 of 100 DOCUMENTS

The New York Times

March 8, 2007 Thursday

Late Edition - Final

**Paulson Urges China to Open Its Markets More Quickly**

**BYLINE:** By DAVID BARBOZA and STEVEN R. WEISMAN; David Barboza reported from Shanghai and Steven R. Weisman

**SECTION:** Section C; Column 6; Business/Financial Desk; Pg. 6

**LENGTH:** 558 words

**DATELINE:** SHANGHAI, Thursday, March 8

from Washington.

Hoping to shift the debate in United States-China trade relations away from currency reform and the growing American trade deficit, Treasury Secretary Henry M. Paulson Jr. said Thursday that China needed to quicken the pace of its economic reforms and do more to open its financial markets to foreign competition.

In a speech here at the Shanghai Futures Exchange, Mr. Paulson outlined a detailed set of capital market reforms that he said would help strengthen China's sometimes volatile capital markets, bolster the country's economy and also help rebalance the global economy.

The speech, which came on the final leg of a three-nation trip through Asia and just over a week after China's stock markets rattled the global financial markets, also called for allowing foreign investors, including big Wall Street firms and Western financial giants, better and quicker access to China's restricted markets.

The risks for China are greater in moving too slowly than in moving too quickly toward transparent, liquid, stable capital markets, he said.

Though the speech did not contain any new points, it was significant because it reflected the mounting tensions in the United States-China relationship. It was the third time in six months that the Treasury secretary has traveled to China to press the leadership to open up its economy, a highly unusual display of American pressure.

The Bush administration effort so far has yielded few results, despite growing fear at the Treasury Department that if China does not take steps soon there will be legislation requiring economic retaliation against China in Congress.

Shortly after taking office last summer, Mr. Paulson vowed to step up the pressure on China by establishing a ''strategic economic dialogue'' between high-level officials in both countries. In December, Mr. Paulson headed a delegation of administration cabinet members, along with Ben S. Bernanke, the Federal Reserve chairman, to urge China to open its economy and in particular to allow its currency, the yuan, to appreciate in value.

A yuan appreciation would, many economists say, ease the American trade deficit with China by making Chinese exports to the United States more expensive and American exports to China cheaper.

Though many analysts doubt that China will allow the yuan to appreciate rapidly or that such an appreciation would make a substantial dent in the deficit in the next few years, there has been growing frustration over the trade deficit. The Bush administration and Congress are hoping that China can move more quickly on economic and financial reform that could set the stage for more balanced trade between the two countries.

Last year, China reported a $177 billion trade surplus with the rest of the world, mostly with the United States and Europe.

Mr. Paulson stopped in Beijing Wednesday and met with his counterpart in the strategic dialogue, the vice prime minister, Wu Yi, amid indications from the Bush administration that Mr. Paulson was trying to impress on the Chinese leadership the importance of taking concrete steps to ease economic tensions before May.

The May deadline is seen by administration officials as important because Ms. Wu is to lead a high-level delegation of Chinese officials to Washington as a counterpoint to Mr. Paulson's visit in December.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** March 8, 2007

**LANGUAGE:** ENGLISH

**PUBLICATION-TYPE:** Newspaper

Copyright 2007 The New York Times Company

99 of 100 DOCUMENTS

The New York Times

March 7, 2007 Wednesday

Late Edition - Final

**China Stresses Ties With Japan Despite Sex Slavery Issue**

**BYLINE:** By JIM YARDLEY

**SECTION:** Section A; Column 3; Foreign Desk; Pg. 6

**LENGTH:** 645 words

**DATELINE:** BEIJING, March 6

China's foreign minister on Tuesday urged Japan to accept responsibility for its use of ''comfort women'' sex slaves in World War II but made clear that the issue would not dampen China's desire to strengthen ties between the countries.

The comments by the minister, Li Zhaoxing, were China's first official response since Prime Minister Shinzo Abe of Japan caused international outrage last week by denying that Japanese soldiers had forced foreign women into sexual slavery during the war.

Mr. Abe said no evidence existed to prove that Japanese soldiers had coerced the women -- a statement that contradicted Japan's official position.

Mr. Abe has backpedaled, but such inflammatory statements have often paralyzed relations between Japan and China. Repeated visits by his predecessor, Junichiro Koizumi, to the Yasukuni Shrine honoring Japan's war dead, including war criminals from World War II, so incensed China that top leaders refused to hold summit meetings with him.

But Mr. Li's comments suggested that China was eager to continue the warming trend in relations with Japan that began when Mr. Abe succeeded Mr. Koizumi last fall and then quickly made a breakthrough visit to Beijing.

''Lasting friendship between the peoples of China and Japan is the path we should stay firmly on, and no one can stop us from doing this,'' Mr. Li said at a news conference held as part of the meeting of China's National People's Congress, the Communist Party-run legislature.

Mr. Li noted that 2007 is the 35th anniversary of the resumption of diplomatic relations between the countries. Prime Minister Wen Jiabao of China is set to visit Japan next month for a meeting with Mr. Abe, the first such visit in seven years.

''We should take in hand this important opportunity to develop China-Japan relations,'' Mr. Li said of the anniversary. He said China would welcome an amicable settlement of its dispute with Japan over oil and gas rights in the East China Sea.

''We're willing to strengthen cooperation with Japan in every sphere,'' Mr. Li said.

Japan conquered large swaths of China in World War II and maintained a brutal occupation until its ultimate defeat. The two countries have extensive economic ties but otherwise relations have been tense, in large part because of Japan's wartime legacy, of which sex slaves are one chapter.

Historians say about 200,000 women from Korea, China, Taiwan, the Philippines and other countries worked in Japanese military brothels. Japan had denied that the military was involved in the brothels until 1992, when a Japanese historian unearthed official documents revealing that soldiers had coerced women into prostitution.

But the issue remained in dispute in Japanese political circles, and Mr. Abe's statements suggested that he was siding with conservatives who argued that there was no evidence that proved the military had forced women into sexual slavery. He spoke during a debate in the United States House of Representatives over a resolution demanding that Tokyo apologize and acknowledge the military's role in prostitution.

On Tuesday, Mr. Li said Japan ''should stand up to this part of history, take responsibility and seriously view and properly handle this issue.'' He called the ''forced use'' of the women a ''historical fact'' and ''one of the most serious crimes committed by the Japanese imperialists in World War II.''

Yet Mr. Li's tone was measured and not provocative. He described his warm reception in Japan on a recent visit to prepare for the trip next month by Mr. Wen. He predicted that visit would be a success.

On other matters, Mr. Li urged a peaceful resolution to the Iranian nuclear issue and called on Iran to expand cooperation with inspectors from the International Atomic Energy Agency. ''We welcome, support and call upon Iran to step up cooperation'' with the agency he said.

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** March 7, 2007

**LANGUAGE:** ENGLISH

**GRAPHIC:** Photo: Foreign Minister Li Zhaoxing took questions yesterday in Beijing. (Photo by Frederic J. Brown/A.F.P. -- Getty Images)

**PUBLICATION-TYPE:** Newspaper

Copyright 2007 The New York Times Company

100 of 100 DOCUMENTS

The New York Times

February 28, 2007 Wednesday

Late Edition - Final

**Wal-Mart Expands in China As Its Growth Slows in U.S.**

**BYLINE:** By DAVID BARBOZA

**SECTION:** Section C; Column 1; Business/Financial Desk; INTERNATIONAL BUSINESS; Pg. 10

**LENGTH:** 848 words

**DATELINE:** SHANGHAI, Feb. 27

With growth slowing at its outlets in the United States and its stock price slumping, Wal-Mart Stores is aiming to gain greater access to the world's most rapidly growing major economy by buying into one of China's biggest retailers.

Wal-Mart said Tuesday that its purchase of a 35 percent stake in the Bounteous Company, a Taiwan-owned group that operates more than 100 retail outlets in China, is part of a strategy to expand in large emerging markets like Brazil and India, as well as China.

Wal-Mart declined to say how much it paid to buy its stake in Bounteous, but people close to the deal said Wal-Mart had agreed to pay close to $1 billion to assume control of the Chinese retailer.

China has a fast-growing middle class that may now number close to 50 million. But China's market is fragmented, and so far it has no dominant national retail chain like Wal-Mart. Bounteous, which operates in 34 cities in China under the name Trust-Mart, will continue to operate independently for now.

But eventually, Wal-Mart is expected to take control of Trust-Mart. Wal-Mart, the world's largest retailer, currently operates 73 stores in China, and the company has more than 37,000 employees here. Trust-Mart has more than 31,000 employees in China working in hypermarket stores that sell everything from groceries and clothing to home appliances.

If Wal-Mart takes control of Bounteous, it would move into position to become China's dominant foreign retailer. But it faces stiff competition from other large Chinese retailers, as well as European retail rivals like Carrefour of France, Metro of Germany and Tesco of Britain.

''This is an important step in bringing additional scale to our China retail business,'' Michael T. Duke, the vice chairman of Wal-Mart, said in a statement.

By acquiring a stake in the Trust-Mart parent Bounteous, which is privately held, Wal-Mart could surpass Carrefour, which has about 90 superstores operating here and had $2.3 billion in sales in 2005.

But Wal-Mart's profits in China are unlikely to contribute significantly to its earnings over the next few years.

Before the deal, Wal-Mart's China operations accounted for only a tiny fraction of its global sales, which were more than $344 billion last year.

In 2005, the most recent year with figures available, Wal-Mart had sales of about $1.3 billion in China, trailing Trust-Mart, which had sales of $1.7 billion, according to the China Chain Store and Franchise Association.

Wal-Mart officials declined to confirm that figure, saying that the company does not break out Chinese sales numbers.

In order to manage integration of the two operations, Wal-Mart said that it would appoint one of its executives as chief operating officer of Trust-Mart stores.

''The two teams from each company will work together starting today to find ways to cooperate,'' said Jonathan Dong, a spokesman for Wal-Mart in Shenzhen, China.

Other major competitors here include the large Chinese retail groups, like China Resources, the Shanghai Brilliance Group and Lianhua supermarkets.

The Chinese government also recently made it easier for foreign retailers to set up operations here. Home Depot and Best Buy are opening branches in China, and dozens of other American and European retailers are also planning to move in.

Analysts say that Wal-Mart, which first entered the Chinese market in 1996, is trying to create a broader presence in China, which could mean many more acquisitions.

''From Wal-Mart's perspective, it's a foot in the door,'' said George Svinos, the chief of Asia Pacific retail for the accounting firm KPMG in Australia. ''You can clearly see why Wal-Mart is looking to invest in a country that by 2015 could have the largest economy in the world.''

With the deal, Wal-Mart is also trying to get back on track after the company stumbled in South Korea and Germany. It sold its operations in those countries last year.

The market in China is tough as well. Prices are extremely low, and infrastructure problems continue outside of the biggest cities. The marketplace is evolving quickly and is sometimes unpredictable.

For instance, Wal-Mart now has to cope with China's state-controlled unions, which are pushing their way into foreign-owned companies and retail operations.

Last year, Wal-Mart agreed to allow unions to be set up in nearly all of its stores in China.

While unions in China are controlled by the state-run union federation and often lack bite, some analysts say they could be gaining influence here, and may begin bargaining for higher wages and better compensation packages.

For Wal-Mart, however, China is not just a retail market; it is also the retailer's huge procurement center. Last year, more than $9 billion worth of goods from China went to Wal-Mart stores operating elsewhere.

''This is just 1 percent of what they need to do,'' Mr. Svinos said of Wal-Mart's stake in Trust-Mart stores. ''They need to create a critical mass and build a credible presence in the Chinese market. China has a lot of regions, and no one here really dominates.''

**URL:** [http://www.nytimes.com](http://www.nytimes.com/)

**LOAD-DATE:** February 28, 2007

**LANGUAGE:** ENGLISH

**GRAPHIC:** Photo: Shoppers in Trust-Mart stores in 34 Chinese cities, like this one in Beijing, will soon be helping Wal-Mart's bottom line. The American retail giant is said to have paid almost $1 billion for a stake in Trust-Mart's parent. (Photo by Greg Baker/Associated Press)

**PUBLICATION-TYPE:** Newspaper

Copyright 2007 The New York Times Company