

The Nightly Business Report
President Hu and President Bush – Building the Relationship
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Last week I attended the White House luncheon honoring China's President Hu Jintao. President Hu and President Bush were cordial and comfortable with each other.

No breakthroughs were announced. But that isn't what summits are for – they promote serious talk and relationship building. And there was progress. On the trade front, the heavy lifting was done earlier at the meeting of the US-China Joint Commission on Commerce and Trade. Solid progress was reported in three areas: intellectual property rights protection, market access, and transparency in regulation. And the Chinese signed contracts to buy \$16 billion worth of US products.

Still, there are political problems. The ballooning trade deficit and China's undervalued currency concern our Congress. Over time a better trade balance should occur as China implements its WTO commitments, as the currency appreciates, and as China moves from an export to a consumption economy.

This summit covered other issues, too, notably security and human rights. The US-China relationship is far more complex than when President George H.W. Bush sent me there as Commerce Secretary to normalize business relations. Today the commercial relationship is the bedrock and this enables the leaders to deal more easily with the difficult concerns. Summits keep the relationship current. And this one achieved that purpose.

I'm Barbara Hackman Franklin