

**PRC Minister of Commerce Chen Deming's
Address at the USCBC Breakfast Session**

April 27, 2009

Respected Mr. Cohen,

Respected President John Frisbie,

Ladies and gentlemen, friends,

Good morning. I am delighted to meet with both old and new friends here.

Since I took office as Commerce Minister of China, I have visited the United States on many occasions. However, this is my first time *leading* a delegation for a formal visit.

We are here not just to seek convergence and cooperation, but also to establish a new relationship and open a new chapter. As we all know, my old friend, as well as new counterpart, Mr. Gary Locke has just been appointed Commerce Secretary of the new federal administration. There is an old saying in China, whose English equivalent is “a new broom sweeps clean.” I would be happy to hear what this newly appointed official, as well as the other newly appointed official, Mr. Kirk, the US trade representative, have to say about new plans and proposals for the Sino-American trade and economic relations. I would also exchange with them some of our new ideas.

This afternoon, I am going to meet with Mr. Summers, Director of the U.S. National Economic Council, and address the China-U.S. Trade and Economic Cooperation Forum. I will plan to meet with our friends from the U.S. Chamber of Commerce in the evening.

In the two days I am going to spend in Washington D.C., my schedule will be pretty full. However, I consider a meeting with my friends in the USCBC a must, because all of you are our good friends, and all of you have made lots of contributions to the Sino-U.S. trade and economic relations. On behalf of

the Chinese Ministry of Commerce, I would like to hereby express to you our heartfelt thanks!

Friends, President Hu Jintao and President Barack Obama reached a series of consensus at the London Financial Summit last month. An important part of that consensus is to build a positive, cooperative and comprehensive China-U.S. relationship in the 21st century.

This is a very encouraging consensus, in that it gives the direction to the Sino-American trade and economic relationship in the new era, which is to be positive, cooperative and comprehensive.

So what is a positive, cooperative and comprehensive Sino-U.S. trade and economic relationship? This is not an easy question. Both sides need to work together to find an answer. All of us, not just from the governments, but also chambers of commerce and the private sector, including all of you present here, can think about this question carefully, and seek an answer through exchanges and research. I will not elaborate on this question today. But maybe during my visit I will be able to share with you in some way my personal observations about this question.

As I was told that you are interested in the impact of the current financial crisis on China and China's response to it, I will now say something about it very briefly.

After China released the statistics of its macroeconomic performance in the first quarter, some American friends may have thought that the impact of the financial crisis on China was limited, or has bottomed out.

In fact, the impact that China suffers this time is huge, or even greater than in the Asian Financial Crisis ten years ago. As a large opening nation, China has experienced unprecedented challenges and difficulties during the current crisis, which can be seen in the following five aspects: 1, a growing downward pressure on the economy; 2, serious decline in import and export; 3, notable slowdown in industrial production; 4, production and operation difficulties in some enterprises; and 5, growing employment difficulties. In the interest of time, I will not go into the detailed figures. I assume you have already known quite a lot about the situation, for instance, many of you may be aware that China's foreign trade has witnessed negative growth five months in a row since last November.

Nevertheless, the Chinese government still upholds the notion of opening-up and takes a proactive and responsible attitude in tackling the crisis. We have based our economic stimulating efforts on expanding domestic demand, and resolutely adopted an economic stimulus package. We have greatly increased government spending, implemented a two-year investment plan with a total value of 4 trillion RMB, initiated a structural tax cut policy, lowered interest rates and increased bank liquidity on several occasions, rolled out in large scale industrial readjustment and rejuvenation plans, continued to readjust the distribution of national income, explored forcefully domestic market, especially rural market, and greatly improved the level of social security.

Judging from the macroeconomic indicators of the first quarter, particularly March, the Chinese economy is seeing some positive changes. Things are indeed better than expected. GDP grew by 6.1% in Q1, down by 4.5 percentage points from the same period in the previous year; total social retail sales grew by 15.9% in constant value, 1.1 percentage points faster than last year; fixed asset investment grew by 28.8%, 4.2 percentage points faster than the same period in the previous year; industrial output for above-scale enterprises grew by 8.3% last March, 4.5 percentage points faster than the previous two months.

However, the Chinese government is acutely aware that tough times are far from over. For instance, as a result of the contraction in external demand and rising trade protectionism, China's foreign trade still faces a grim picture. To tackle that we need to make more of an effort.

Yesterday afternoon, I had a discussion with some economists from some American think tanks about the current economic situation. Although many of them believe that there are signs of improvement in American economy, the way ahead remains long and winding.

Under such circumstances, where should the Sino-American trade and economic cooperation be heading? Both countries, faced with many new challenges and difficulties, have heard strong calls for tougher protection of trade. So, are we to close our doors or to keep them open and intensify cooperation? The Chinese government chooses the latter.

We are crystal clear in our stance against trade protectionism. And we keep our words. We have not only resisted "Buying Chinese," but also continued

to encourage relevant chambers of commerce to organize buying missions and expand sourcing from foreign countries. Along with my delegation this time are several investment and trade promotion missions, whose tasks include not just negotiating investment projects and promoting export, but also discussing plans for import.

Similarly, on the part of the U.S., we hope it could continue to open its door and enhance cooperation. Likewise, we hope the U.S. administration could keep its words, and never practice trade protectionism. The Chinese and American economies are interwoven and interdependent. Only through working together and helping each other can we weather the current difficulties.

At present, the two countries enjoy a broad scope and ample commercial opportunities when it comes to their cooperation. For example, the businesses from countries can grasp the opportunities brought about by the large-scale economic stimulus plans launched by the two governments, and proactively cultivate new growth areas in energy conservation and environmental protection, new materials, high technology, etc. The Chinese government will continue to encourage enterprises to buy more from the U.S., support competent businesses to invest in the U.S., and welcome increased U.S. investment in China.

I believe that as long as we remain confident and join our forces, we would definitely be able to overcome the financial crisis, and that Sino-U.S. trade and economic cooperation would certainly embrace a new spring.

Thank you all.