



## Obama's China Trade Solution: Give Them Our Hi-Tech

"We will especially encourage imports of products the nation is short of, especially advanced technology and key equipment," said Chong Quan, China's deputy international trade representative, at the China Import Forum organized by the government's Ministry of Commerce. This theme, that the United States should attempt to balance its trade deficit with China by selling the communist regime currently restricted hi-tech items, has been an ongoing trade argument by Beijing for many years. Despite having ransacked America's manufacturing base — with the indispensable aid of U.S. administrations both Republican and Democratic, as well as many of America's top business leaders — China's Communist Party leadership remains upset that it is still prevented from buying many of our most advanced technologies that have strategic military applications.



Now, however, with the U.S. economy in recession and foundering deep in debt, the cash-rich Beijing regime is feeling its oats. And it is pressing the U.S. government to drop security restrictions on the military-related technologies it desires most. "If they continue their restrictive policies, some countries will have cause to regret when they find they have lost their share of the burgeoning China market," Yu Danhua, foreign trade bureau chief of Ningbo in Zhejiang province, told the trade forum. The primary target of that comment, of course, is the United States.

Earlier this year an editorial in the official Chinese Communist Party publication *Global Times* laid out a lobbying strategy to remove the restrictions. "China should require the US to cancel or at least temporarily lift its limitations on high-tech exports," wrote Zhao Zhihao, a professor of sociology at East China Normal University. "It should focus on breaking through such limitations in bilateral negotiations at different levels," he said.

The January 6 editorial, entitled "[Sino-US trade war more about technology than money.](#)" continued:

In order to achieve such a goal, powerful media publicity is needed to impose pressure on Americans. The topic of lifting the limitations on high-tech exports should remain in newspaper headlines. It should be listed high on the agenda of various bilateral talks.

As long as this problem remains unsolved, Sino-US relations will not make substantial progress.

Professor Zhihao and the Red Chinese leadership have a long shopping list of restricted items they want to get access to — soon. The editorial continues:

Currently, the US's export control policy covers about 2,500 products, most of which involve



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manufacturing technology, such as space crafts components, high-tech communication apparatus and mechanical equipment. China is a key target country when it comes to export control policy.

Technology is what China most urgently needs in Sino-US trade. But the US isn't willing to include its superior products in transactions, which naturally leads to an aggravated trade deficit.

It appears that the Beijing trade strategists have friends at the Obama White House and in America's corporate boardrooms who are anxious to help them meet their goal. Speaking at the St. Regis Hotel in Washington, D.C. on February 24, 2010, [President Barack Obama told](#) leaders of the Business Roundtable:

[W]e're launching a National Export Initiative where the federal government will significantly ramp up its advocacy on behalf of U.S. exporters. We're substantially expanding the trade financing available to exporters, including small and medium-sized companies. And while always keeping our security needs in mind, we're going to reform our export controls to eliminate unnecessary barriers. So some of the sectors where we have a huge competitive advantage in high-tech areas, we're going to be able to send more of those products to markets overseas.

The Business Roundtables members have been busy providing the "powerful media publicity" that Professor Zhihao said "is needed to impose pressure on Americans" to support the technology export changes desired by China's communist leaders. This is the same business lobby that has helped Beijing strip mine America's industrial base throughout the past several administrations. Now in the few remaining hi-tech areas where the U.S. still retains "a huge competitive advantage," President Obama has pledged to use taxpayer funds to finance the transfer of those technologies (along with the attendant jobs those technologies entail) to China as well. This follows closely the parallel track by President Obama and Secretary of State Hillary Clinton in their recent efforts to ship our cutting-edge technology to Skolkovo, the new Russian Silicon Valley being built by Dmitry Medvedev and Vladimir Putin. (See: ["Breathing Pixie Dust" - Investing in Russia](#))

Is this a viable answer to our trade deficit? "Lifting security restrictions would not balance trade, which posted a \$227 billion U.S. deficit last year," commented economist William R. Hawkins in a March 2 piece for [AmericanThinker.com](#). "It could, however, change the balance of power as Beijing desires, since anything sent to China will be copied for local reproduction," he added.

Mr. Hawkins quoted comments by Michelle Van Cleave, who was in charge of coordinating the hunt for foreign spies from 2003 to 2006 under the director of national intelligence. In an interview on CBS' "60 Minutes" for the February 28, 2010 episode, ["Caught on Tape: Selling America's Secrets,"](#) Ms. Van Cleave was asked, "When it comes to espionage against the United States, is China now the number one threat that we face?"

"I would be hard pressed to say whether it's the Chinese or it's the Russians, but they're one, two, or two, one," she replied. "The Chinese are the biggest problem we have with respect to the level of effort that they're devoting against us versus the level of attention we are giving to them."

Asked what the Chinese want from America, Van Cleave told CBS' John Pelley:

Virtually every technology that is on the U.S. control technology list has been targeted at one time or another by the Chinese. Sensors, and optics, and biological and chemical processes. These are the things, information technologies across all the things that we have identified as having inherent military application.



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William Hawkins notes that "Beijing would like to acquire this information wholesale by legal purchases. Chinese officials from President Hu Jintao on down have demanded for decades that the United States lift its security restrictions on the sale of technology to the People's Republic."

The Obama administration appears even more willing than the Carter, Reagan, Bush I, Clinton, and Bush II administrations to lift restrictions on sensitive technology to the People's Republic of China (PRC), in effect saving them the time, trouble, and expense of obtaining it through theft and espionage.

President Obama's assurance that he would be "always keeping our security needs in mind," notwithstanding, there is little in our trade policy experience to suggest that either our national security or our national economic wellbeing will be enhanced by further opening the floodgates to what remains of our leading-edge technologies.

This past May, Treasury Secretary Tim Geithner, Secretary of State Clinton, and some 200 additional U.S. officials attended the Beijing Summit on Strategic and Economic Dialogue. Although many of the media reports on the summit stressed areas of contention between China and the United States, [Secretary Geithner praised](#) his PRC hosts on a number of points, including their movement toward "leaving the terms of technology transfer and production processes to agreement between enterprises." This would seem to be a signal from the Obama administration that it will be facilitating more hi-tech transfers from the enterprises represented in the Business Roundtable to Red Chinese "enterprises," which are, in fact, adjuncts of the People's Liberation Army (PLA) and/or other structures under the direction of the Chinese Communist Party.

Where is Congress in all of this? Apparently AWOL, as it has so often been on matters of strategic trade and its implications for both jobs and national security. However, Congress can be moved to staunch the loss of vital technology if voters are alerted and decide to take a determined stand against the administration's National Export Initiative to China.

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