

China Emerges as Major Player in Global Trade Talks

By Stephen Castle
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GENEVA — As seven years of global trade talks approach another climax, China is emerging as a central player — and coming under heavy criticism from the United States and others for its tactics.

No one should be surprised to find the Chinese trade minister, Chen Deming, playing hardball. In 2004, Mr. Chen studied at the John F. Kennedy School of Government at Harvard, and he has said privately that he learned all his negotiating skills in the United States.

Now, with the latest trade talks dragging into their second full week, China is fighting for last-minute concessions. Those include the right to shield important farm products from competition and to delay cutting some of its tariffs for years.

“What we are seeing is the emergence of a new power pole,” said Joe Guinan, a trade expert with the German Marshall Fund, a public policy group. He said that was finally being felt at the World Trade Organization. “They have begun to throw their weight around — and this is a glimpse of the future.”

Such a development has, Mr. Guinan said, “been coming a long time, and it is not going away.”

On Monday in Geneva, Washington accused China and India of throwing the round of talks “into the gravest jeopardy of its nearly seven-year life.” India was criticized for rejecting the package laid out by Pascal Lamy, the director general of the W.T.O., and China was taken to task for backing out of terms it committed to last week.

“We are very much concerned about the direction that a couple of countries are taking,” the United States trade representative, Susan C. Schwab, said. “I am very concerned it will jeopardize the outcome of this round.”

Earlier, American and European diplomats warned that the talks could collapse.

That criticism was rejected by Beijing’s ambassador to the W.T.O., Sun Zhenyu, who said his country had “tried very hard to contribute to the success of the round.”

Inside the negotiating rooms, Mr. Chen is regarded as a pragmatic, no-nonsense politician whose style is tough, direct and relatively free of rhetoric.

At a dinner with the European trade commissioner, Peter Mandelson, Mr. Chen once described how, as the son of an intellectual, he was banished to the countryside during China's Cultural Revolution. He began work on a tractor and, in time, began organizing the work of all the tractors before assuming leadership roles in his village and then in the region.

In some ways his journey from humble origins mirrors that of China in international groups like the World Trade Organization. Beijing joined in December 2001 and, inside the group, seems to keep a low profile. As of March 2007, it had 5 officials in the W.T.O. bureaucracy, compared with 29 for the United States and 178 for France. But that seems to be changing.

Last week, Mr. Lamy invited China into a new Group of 7 industrialized nations, a conference whose other members are the United States, the European Union, India, Brazil, Australia and Japan.

Not so long ago, global trade talks were steered largely by the United States, the European Union, Canada and Japan.

It was the new G-7 grouping that helped push forward a compromise text that won widespread — but not total — support late on Friday.

The discussions in Geneva have confirmed that the balance of power in global trade has shifted irrevocably with the rise of China.

Because of China's enormous population and its growing middle class, even a small opening in the nation's market in goods and services offers exporters from the United States and Europe potentially large rewards.

But by the same token, Beijing's ultracompetitive export performance is the main reason that other emerging economies like India and Brazil are reluctant to open their markets.

This is one reason that China has failed to assume the leadership of the developing world as some had predicted.

"A lot of the reticence we have seen from Brazil or Argentina in nonagricultural market access is driven not by fear of the U.S. and the E.U. but by fear of being swamped by China," Mr. Guinan said.

Another reason that China's role is ambivalent is that it has a large, poor, rural population.

Lu Xiankun, counselor and head of division in the Chinese mission, says there are hundreds of millions of farmers in China earning around \$2 a day. That, he says, explains Chinese efforts to shield cotton, sugar and rice from competition from imports.

From an American perspective, Beijing, having helped shape the deal that won broad agreement on Friday, is now trying to reopen it with the help of India.

David Shark, a senior American trade official, said these policies “would have their most serious detrimental effects on precisely those poorer developing countries that already have such limited agricultural export capabilities.”

They also make it harder for the White House to sell reductions in farm subsidies to Congress, particularly for cotton.

In addition, China wants allowances to reflect its relatively recent entry into the W.T.O. But one European official said that this could mean the delay of some Chinese tariff reductions beyond 2025, perhaps to 2027.