

Playing Chicken with Trade

By James Rice
And Matthew Waller

Washington does a lot of complaining about trade “imbalances” with China. So at best it’s puzzling that Congress is currently considering a measure that would jeopardize a booming American export sector to China. That’s exactly what’s underway now in the agricultural field, and at worst it could result in a trade war.

Agriculture exports from the U.S. to China reached \$8.3 billion in 2007 and are 92% higher in the first three months of 2008 compared to the same period in the prior year. The U.S. is China’s largest supplier of agriculture products. American trade officials have invested decades in this trade relationship with China, taking down barriers while preaching a fair and scientific approach to trade. Yet budget action in the U.S. Congress is putting this trade at risk.

At issue is an amendment inserted by the House Appropriations subcommittee on agriculture to the 2008 U.S. Department of Agriculture (USDA) appropriation bill signed into law last year, and again, in the 2009 bill currently working its way through Congress. The amendment would cut off funding for any USDA actions related to discussions with China over China’s poultry exports. For example, USDA staff wouldn’t be able to work on the issue, nor discuss it with their Chinese counterparts, on “government time.”

It might sound innocuous but in practice this would represent a major problem. This legislation would make it impossible

for China to even discuss exporting fully cooked poultry to the U.S. Although this represents a fairly small commercial opportunity for China, Beijing views it as a matter of prestige for the country to have a few plants authorized to sell into the American market. If Congress stalls progress on this issue by using the appropriations bill to quash discussions, an agricultural trade war could be on the menu for October.

Congress is endangering America’s agricultural exports.

Already the Chinese government has delayed further discussions on all outstanding agricultural trade issues pending the rescinding of this amendment. If Congress passes the amendment a second year in a row, Beijing could ban imports of U.S. poultry and suspend negotiations on other trade conditions, choosing to take its business to Brazil or Southeast Asia instead. Future dialogue about new agricultural trade worth more than \$10 billion to American farmers is now on the line.

The effects for Americans of any Chinese retaliation on this issue could be significant given the importance of U.S. agricultural exports to the American economy. Consider chicken feet. Americans do not like to eat, or even set eyes on, chicken feet, but the Chinese love them. America therefore sells all of its chicken feet to China, trade worth more than \$380 million annually. This trade helps support the employment of 30,000 American farmers, including 6,500 at Tyson.

The members of the House appropriations subcommittee who have approved this amendment believe they are protecting American consumers from tainted Chinese exports. But an end to engagement with China isn’t the solution, nor is the pending

trade war. The best solution is to fully fund and empower the U.S. Food and Drug Administration (FDA) and the U.S. Department of Agriculture to protect American consumers from unsafe—as opposed to simply all—food products. This will, and should, include cooperating with Chinese regulators to help them improve their own standards.

Today, the USDA does not allow Chinese poultry to enter the U.S. market. It would only do so if Chinese processing plants operated at the same standards as those imposed on American producers by the USDA. The USDA and FDA, among others, have made great progress in recent years working with their Chinese counterparts to improve food-processing safety standards. The subcommittee amendment also threatens these efforts.

The U.S. has told the Chinese for years that agricultural trade should be based on science and not politics. Yet now Congress is undermining that approach itself by making trade completely political and non-scientific. America needs dialogue with her long term trading partner, China—a collaborative dialogue based on technical facts, using a scientific approach. Fair trade benefits both countries unequivocally, as is the case with chicken feet. It’s up to the U.S. Senate now to remove the language in the agriculture appropriations bill proposed by the House so the USDA’s experts can remain engaged with their Chinese counterparts. If dialogue stops, the end result can only be a trade war.

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Free on the Fourth of July

By John Kamm

Jude Shao walked out of Qingpu Prison in Shanghai shortly before 1 p.m. Wednesday. The American businessman—owner of a medical equipment import business—had served 10 years of a 16-year prison sentence for tax evasion and fraud. He had protested his innocence vigorously, with support from legal experts in China and the U.S., and to this day he has never admitted guilt. Now that he is free, he intends to stay in Shanghai to be close to his mother—his father died while he was in prison—and to serve out the remainder of his sentence on parole, due to expire in May 2013.

I began working on the Jude Shao case more than six years ago, mostly because of his Stanford Business School classmates who made his release a big part of their lives. Their persistent entreaties on Mr. Shao’s behalf I found impossible to ignore.

But I’ve also worked on the case because it illustrates for me the perils of doing business in China, especially if you’re an ethnic Chinese. I have worked on many cases of Chinese Americans imprisoned for economic crimes. All have been difficult, none more so than Jude’s. The same arbitrary system that puts away people for political reasons puts them away for business reasons, too. Businesspeople are often oblivious to the dangers—until it’s too late and they find themselves in a Chinese detention center.

There are now more than 50 Americans in prison in China, many for economic crimes. There are many Europeans in prison as well. The number of Hong Kong Chinese in mainland prisons for alleged economic crimes probably exceeds 1,000. Very few are the focus of media attention. Their families suffer in silence, and no one speaks for them.

Mr. Shao was denied access to a lawyer until he was brought to trial, 26 months after his detention. For most of the time he was detained he was kept in solitary confinement. His trial took less than a day. On appeal, he recovered documentation that his firm had paid the taxes he was accused of evading. The evidence was ruled inadmissible. A group of distinguished Chinese legal scholars examined the case and advised that at the very least Mr. Shao should be granted a retrial. They were ignored. The Supreme People’s Court rejected Mr. Shao’s petition.

Once incarcerated without hope of further appeal, Mr. Shao’s prospects were bleak. But his friends and Stanford classmates mounted a campaign that brought strong interventions on his behalf by President Bush, Secretary of State Condoleezza Rice, and members of Congress led by House Speaker Nancy Pelosi, in whose district Mr. Shao’s company was based. The American ambassador Clark Randt took the extraordinary step of flying to Shanghai to visit Jude Shao in prison. When the time came for a gesture to improve relations—this time ahead of the Olympics—Mr. Shao was released.

Mr. Shao is one of a relatively small number of prisoners raised as “priority cases” in recent meetings between U.S. and Chinese human rights officials. The other cases concern individuals imprisoned for the non-violent expression of their political or religious beliefs, people like the AIDS activist Hu Jia and Huang Qi, China’s first cyber-dissident detained for collecting petitions from grieving parents of the Sichuan earthquake. Their freedom should be as important to us as Jude Shao’s.

Securing Mr. Shao’s release despite opposition from entrenched forces, local and central, shows yet again the value of persistent and forceful advocacy. Those whose names are raised in dialogues are treated better and released earlier. The resumption of talks between the United States and China on human rights and the rule of law offers the hope that those whose imprisonment has touched the conscience of the world, men and women no less deserving of clemency than Jude Shao, will be set free.

Mr. Kamm is founder and executive director of the Dui Hua Foundation.

Wonder Land / By Daniel Henninger

The Politics of Can’t-Possibly-Do

In a few months we’ll arrive at the seventh year after the events of September 11, 2001. All can recall the coming together of the nation in the aftermath, and then how the coming together fell apart.

Reflecting the nation, the two parties have fought over the prison at Guantanamo, waterboarding three of the captured terrorists and tapping their overseas phone calls. Both candidates in the six-month Democratic primary said repeatedly that the president’s strategies against the terrorists who did the airliner atrocities have made us “less safe.”

Given a choice between unity and politics, we chose the indulgent pleasures of politics.

Still, the site where the Trade Center towers fell that sunny morning endures as a cold testament to a truly brutal form of politics. For those of us who work near Ground Zero, it seems that half the world’s people have come to look at the 16-acre hole, New York’s grim tourist attraction.

Thanks to the diminished dollar, many are Europeans who bring whole families to

see the ripped walls. This probably nets out as positive, if unmeasurable, global support for knowing what Islam’s terrorists wish to do and why resistance matters.

To resist, though, one needs a functioning political system, and it’s an open question whether we have one, or are losing the one we’ve got.

Yes, we have a healthy politics, but after the immense fun of watching the campaigns and the speeches ends, what remains is the work of running the system.

This week the Port Authority of New York and New Jersey issued a stunning document to explain why Ground Zero has remained nothing but a hole for some seven years.

It is arguably the greatest political and bureaucratic fiasco in the history of the world. Remember the line about how if we don’t rebuild the towers “the terrorists will win”? The terrorists will be dead of old age before this project is finished.

Port Authority Executive Director Chris Ward, who did the remarkably frank report at the request of a frustrated Gov. David Paterson of New York, wrote that original estimates of time and cost (now at \$15 billion) “did not reflect the unprecedented challenges associated with a project . . . involving so many different public and private stakeholders.” (Arguably the system began its decline when the vocabulary changed deadly “factions” into benevolent “stakeholders.”)

Ground Zero is a perfect storm of contemporary American politics. The report cites “19 different governmental entities from every level of government each laying claim to some component of the overall project.” And, “Each entity makes daily

decisions about their individual projects, but no streamlined process or authority is in place to . . . ensure that each decision is in the best interest of the overall project.” This sounds eerily like the 9/11 Commission’s assessment of our dis-coordinated national security agencies.

Besides the public players, the report notes “dozens” of family groups representing the victims, plus various community groups. Bowing to another toxic value, the agency promises to still be “inclusive,” then complains no one has the authority to decide anything.

That is because productive decision making has fallen as a public value below “being heard.” Even being heard is no longer enough. The “stakeholders” have to prevail, somehow assuming that the process—or a complex project like this—will endure endless blows. Meanwhile, construction of the wholly private, 52-story 7 World Trade Center building was done in 2006.

New York City, a chipping temple to the public sector (the roadbeds would embarrass a third-world country), will sink or swim beneath this dead weight. But as a case study of system malfunction, the Port Authority report on unbuilt Ground Zero is a warning shot to our acrimonious national politics. A can-do tradition is losing ground to can’t-possibly-do. Barack Obama’s appeal rests heavily on the belief that he’ll bring back can-do. He’s one man. The answer lies deeper, with a people who have to choose between politics that moves its system forward or a politics that just wants to have fun.

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