



U.S. Asia Pacific Council

# Washington REPORT

*News and analysis from Washington, D.C. about key issues in U.S.-Asia Pacific Relations*

Volume 1 January 2007

## The 110th Congress Creates New Dynamics On Politics, Economics, And Security USAPC Interview with Senator J. Bennett Johnston

*"A new sheriff has come to town, taking the reins with a purpose," Congressman Tom Lantos (D., California) said on January 5, the day he assumed leadership of the House Foreign Affairs Committee from his Republican predecessor, retired Congressman Henry Hyde (R., Illinois). Not a few congressional observers have wondered how the arrival of Congressman Lantos and other Democratic "sheriffs" who have been elevated to important leadership positions in the 110th Congress will affect the course of U.S. foreign policy, in general, and particularly with respect to the Asia Pacific.*

*Senator J. Bennett Johnston discusses what we might expect from Capitol Hill in the coming two years, drawing on his in-depth, hands-on understanding of key congressional players and procedures.*

**USAPC: How will Democratic control of Congress affect U.S. policy toward the Asia Pacific?**

**Johnston:** The mantra of this election was that it was about change. But it is important to bear in mind that "change" is not a policy and it certainly does not define one.

Among Democrats who will be leading the new Congress, however, there are some differences that could affect U.S. policy toward Asia. Rep. Nancy Pelosi (D., California), the new Speaker of the House, has been a strong proponent of human rights in China. But my guess is that she will not use her position as Speaker or, indeed, even have time to use her position to pursue that issue.

With respect to other House and Senate players active

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## Democratic Pledge To 'Shape' Trade Policy May Affect Asia

Senate Max Baucus (D., Montana), the new chairman of the Senate Finance Committee, and Congressman Sander Levin (D., Michigan), the likely new chairman of the House Ways and Means Trade Subcommittee, have sought to reassure the U.S. business community and trading partners that they are not "economic isolationists."

Baucus wrote in a *Wall Street Journal* op-ed January 4 that the new Congress will have "both the desire and opportunity to renew U.S. trade policy." Levin asserted November 28

that the incoming Democratic leadership "has a strong history in support of expanded trade."

**Stronger Tools.** Yet, both lawmakers have proposed policies to grapple with the domestic downside of globalization that likely would place greater pressure on China and other Asian trading partners to liberalize their trading practices and economic policies. They are not expected to support the harsh retaliatory tariffs urged by Senator Charles Schumer (D, New York) in the last Congress to force China to revalue its currency.

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## Official Washington

*In each issue, Washington Report will provide the names and contact information for selected executive branch officials with jurisdiction over economic, political, and security issues important to U.S.-Asia Pacific relations. This issue will focus on pertinent personnel from the Department of State.*

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**Thomas J. Christensen** – Deputy Assistant Secretary (China, Taiwan, and Mongolia) – HST 6205, 202.647.6910

**Michael W. Michalak** – U.S. Ambassador to the Asia-Pacific Economic Cooperation (APEC) forum – HST 6205, 202.647.7266

**James Zumwalt** – Director, Office of Japanese Affairs – HST 4206, 202.736.7233

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**C. Steven McGann** – Director, Office of Australia, New Zealand, and Pacific Island Affairs – HST 4312, 202.736.4659

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on foreign policy, there are not discernible differences between Republicans or Democrats on Asia-related issues. Senator Joe Biden (D., Delaware), the new Senate Foreign Relations Committee chairman, has worked closely over the years with the outgoing chairman, Senator Richard Lugar (R., Indiana).

Similarly, Senator Patrick Leahy (D., Vermont), the new Senate Appropriations Committee chairman, is not that different on Asia-related issues from Senator Mitch McConnell (R., Kentucky), the outgoing chairman. And Congressman Tom Lantos (D., California), who has assumed leadership of the House Foreign Affairs Committee, likely will approach Asia policy issues in much the same way as Congressman Henry Hyde (R., Illinois), the former chairman.

Differences will emerge, however, on trade policy. The vote on legislation to extend the President's Trade Promotion Authority (TPA) has always been close in the House. TPA expires on June 30, 2007, and from what I've heard, it probably will not garner enough votes to be extended.

I fear that new Members of Congress—both

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### *I fear the new Congress will become more protectionist*

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Democrats and Republicans—will try to move U.S. trade policy in a protectionist direction. However, it also is a phenomenon that many new lawmakers enter Congress thinking and talking protectionist only to become more supportive of free trade after they have been exposed to more points of view about world trade. So we'll see what happens, but I do fear that the new Congress will become more protectionist.

Another important message of the November elections was "talk to your enemies." The electorate largely disapproved of the Bush Administration's unilateral conduct of the Iraq War. The Iraq Study Group's subsequent report emphasized the importance of engaging Iran and Syria in negotiations aimed at stabilizing the situation in Iraq.

The Democratic-controlled Congress likely will argue that the same recommendation applies to North Korea, that is, that the United States should negotiate directly with North Korea to secure an end to its nuclear program. That said, the President continues to be in charge of foreign relations.

**USAPC: What could Congress do legislatively to affect changes in the conduct of U.S. foreign policy? Could lawmakers use their budgetary authority?**

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## Committee Assignments: 110th Congress\*

### Senate Appropriations

Robert C. Byrd (D., West Virginia) – Chair  
Daniel K. Inouye (D., Hawaii)  
Patrick J. Leahy (D., Vermont)  
Tom Harkin (D., Iowa)  
Barbara Mikulski (D., Maryland)  
Herb Kohl (D., Wisconsin)  
Patty Murray (D., Washington)  
Byron Dorgan (D., North Dakota)  
Diane Feinstein (D., California)  
Richard J. Durbin (D., Illinois)  
Tim Johnson (D., South Dakota)  
Mary L. Landrieu (D., Louisiana)  
Jack Reed (D., Rhode Island)  
Frank R. Lautenberg (D., New Jersey)  
Ben Nelson (D., Nebraska)

Thad Cochran (R., Mississippi) – Ranking Minority Member  
Ted Stevens (R., Alaska)  
Arlen Specter (R., Pennsylvania)  
Pete Domenici (R., New Mexico)  
Christopher S. Bond (R., Missouri)  
Mitch McConnell (R., Kentucky)  
Richard C. Shelby (R., Alabama)  
Judd Gregg (R., New Hampshire)  
Robert F. Bennett (R., Utah)  
Larry E. Craig (R., Idaho)  
Kay Bailey Hutchison (R., Texas)  
Sam Brownback (R., Kansas)  
Wayne Allard (R., Colorado)  
Lamar Alexander (R., Tennessee)

### House Appropriations

David R. Obey (D., Wisconsin) – Chair  
John P. Murtha (D., Pennsylvania)  
Norman D. Dicks (D., Washington)  
Alan B. Mollohan (D., West Virginia)  
Marcy Kaptur (D., Ohio)  
Peter J. Visclosky (D., Indiana)  
Nita M. Lowey (D., New York)  
Jose E. Serrano (D., New York)  
Rosa L. DeLauro (D., Connecticut)  
James P. Moran (D., Virginia)  
John W. Olver (D., Massachusetts)  
Ed Pastor (D., Arizona)  
David E. Price (D., North Carolina)  
Chet Edwards (D., Texas)  
Robert E. “Bud” Cramer, Jr. (D., Alabama)  
Patrick J. Kennedy (D., Rhode Island)  
Maurice D. Hinchey (D., New York)  
Lucille Roybal-Allard (D., California)  
Sam Farr (D., California)  
Jesse L. Jackson, Jr. (D., Illinois)  
Carolyn C. Kilpatrick (D., Michigan)  
Allen Boyd (D., Florida)  
Chaka Fattah (D., Pennsylvania)  
Steven R. Rothman (D., New Jersey)  
Sanford Bishop (D., Georgia)  
Marion Berry (D., Arkansas)  
Barbara Lee (D., California)  
Tom Udall (D., New Mexico)  
Adam Schiff (D., California)  
Michael Honda (D., California)  
Betty McCollum (D., Minnesota)  
Steve Israel (D., New York)  
Tim Ryan (D., Ohio)  
C. A. “Dutch” Ruppersberger (D., Maryland)  
Ben Chandler (D., Kentucky)  
Debbie Wasserman Schultz (D., Florida)  
Ciro Rodriguez (D., Texas)

Jerry Lewis (R., California) – Ranking Minority Member  
C.W. Bill Young (R., Florida)  
Ralph Regula (R., Ohio)  
Harold Rogers (R., Kentucky)  
Frank R. Wolf (R., Virginia)  
James T. Walsh (R., New York)  
David L. Hobson (R., Ohio)  
Joe Knollenberg (R., Michigan)  
Jack Kingston (R., Georgia)  
Rodney P. Frelinghuysen (R., New Jersey)  
Roger F. Wicker (R., Mississippi)  
Todd Tiahrt (R., Kansas)  
Zach Wamp (R., Tennessee)  
Tom Latham (R., Iowa)  
Robert B. Aderholt (R., Alabama)  
Jo Ann Emerson (R., Missouri)  
Kay Granger (R., Texas)  
John E. Peterson (R., Pennsylvania)  
Virgil H. Goode, Jr. (R., Virginia)  
John T. Doolittle (R., California)  
Roy LaHood (R., Illinois)  
Dave Weldon (R., Florida)  
Michael K. Simpson (R., Idaho)  
John Abney Culberson (R., Texas)  
Mark Steven Kirk (R., Illinois)  
Ander Crenshaw (R., Florida)  
Dennis R. Rehberg (R., Montana)  
John R. Carter (R., Texas)  
Rodney Alexander (R., Louisiana)

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## Committee Assignments: 110th Congress\*

### Senate Finance

Max Baucus (D., Montana) – Chair  
John E. Rockefeller, IV (D., West Virginia)  
Kent Conrad (D., North Dakota)  
Jeff Bingaman (D., New Mexico)  
John Kerry (D., Massachusetts)  
Blanche Lincoln (D., Arkansas)  
Ron Wyden (D., Oregon)  
Charles E. Schumer (D., New York)  
Debbie Stabenow (D., Michigan)  
Maria Cantwell (D., Washington)  
Ken Salazar (D., Colorado)

Charles E. Grassley (R., Iowa) – Ranking Minority Member  
Orrin G. Hatch (R., Utah)  
Trent Lott (R., Mississippi)  
Olympia J. Snowe (R., Maine)  
Jon Kyl (R., Arizona)  
Craig Thomas (R., Wyoming)  
Gordon H. Smith (R., Oregon)  
Jim Bunning (R., Kentucky)  
Michael D. Crapo (R., Idaho)  
Pat Roberts (R., Kansas)

### House Ways and Means

Charles B. Rangel (D., New York) – Chair  
Pete Stark (D., California)  
Sander M. Levin (D., Michigan)  
Jim McDermott (D., Washington)  
John Lewis (D., Georgia)  
Richard E. Neal (D., Massachusetts)  
Michael R. McNulty (D., New York)  
John S. Tanner (D., Tennessee)  
Xavier Becerra (D., California)  
Lloyd Doggett (D., Texas)  
Earl Pomeroy (D., North Dakota)  
Stephanie Tubbs Jones (D., Ohio)  
Mike Thompson (D., California)  
John B. Larson (D., Connecticut)  
Rahm Emanuel (D., Illinois)  
Earl Blumenauer (D., Oregon)  
Ron Kind (D., Wisconsin)  
Bill Pascrell, Jr. (D., New Jersey)  
Shelley Berkley (D., Nevada)  
Joe Crowley (D., New York)  
Chris Van Hollen (D., Maryland)  
Kendrick Meek (D., Florida)  
Allyson Schwartz (D., Pennsylvania)  
Artur Davis (D., Alabama)

Jim McCrery (R., Louisiana) – Ranking Minority Member  
Wally Herger (R., California)  
Dave Camp (R., Michigan)  
Jim Ramstad (R., Minnesota)  
Sam Johnson (R., Texas)  
Phil English (R., Pennsylvania)  
Jerry Weller (R., Illinois)  
Kenny C. Hulshof (R., Missouri)  
Ron Lewis (R., Kentucky)  
Kevin Brady (R., Texas)  
Thomas M. Reynolds (R., New York)  
Paul Ryan (R., Wisconsin)  
Eric Cantor (R., Virginia)  
John Linder (R., Georgia)  
Devin Nunes (R., California)  
Pat Tiberi (R., Ohio)  
Jon Porter (R., Nevada)

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Instead, Baucus, Levin and others are expected to promote creation of sharper tools to enforce the perceived failure of certain trading partners to live up to trade and investment commitments.

**China.** In particular, insiders anticipate reintroduction of legislation that enjoyed bipartisan support in the last Congress, the “Fair Trade with China Act.” The bill would amend the Tariff Act of 1930 to apply its countervailing duty (CVD) requirements to nonmarket economy countries (such as China and Vietnam). It also would (1) require the U.S. Trade Representative (USTR) to investigate China’s currency practices and (2) amend Section 301

of the Trade Act of 1974 to enable USTR to pursue an unfair trade practices case against countries that engage in currency manipulation. Perhaps providing additional impetus to a 2007 version of this bill, the U.S.-China Economic and Security Review Commission included its provisions among its 44 recommendations to Congress about China-related economic and security policies that it sent to Capitol Hill on October 30, 2006.

**Standards.** Baucus and Levin, like the chairmen of the foreign policy committees (see page 9), will place greater emphasis on Congressional oversight of trade negotiations. They want to ensure that bilateral, regional,

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## Committee Assignments: 110th Congress\*

### Senate Foreign Relations

Jospeh R. Biden, Jr. (D., Delaware) – Chair  
Christopher J. Dodd (D., Connecticut)  
John Kerry (D., Massachusetts)  
Russell D. Feingold (D., Wisconsin)  
Barbara Boxer (D., California)  
Bill Nelson (D., Florida)  
Barack Obama (D., Illinois)  
Robert Menendez (D., New Jersey)  
Benjamin L. Cardin (D., Maryland)  
Robert P. Casey, Jr. (D., Pennsylvania)  
Jim Webb (D., Virginia)

Richard G. Lugar (R., Indiana) – Ranking Minority Member  
Chuck Hagel (R., Nebraska)  
Norm Coleman (R., Minnesota)  
Bob Corker (R., Tennessee)  
John E. Sununu (R., New Hampshire)  
George V. Voinovich (R., Ohio)  
Lisa Murkowski (R., Alaska)  
Jim DeMint (R., South Carolina)  
Johnny Isakson (R., Georgia)  
David Vitter (R., Louisiana)

### House Foreign Affairs

Tom Lantos (D., California) – Chair  
Howard L. Berman (D., California)  
Gary L. Ackerman (D., New York)  
Eni F. H. Faleomavaega (D., American Samoa)  
Donald M. Payne (D., New Jersey)  
Brad Sherman (D., California)  
Robert Wexler (R., Florida)  
Eliot L. Engel (D., New York)  
William D. Delahunt (D., Massachusetts)  
Gregory W. Meeks (D., New York)  
Barbara Lee (D., California)  
Joseph Crowley (D., New York)  
Earl Blumenauer (D., Oregon)  
Shelley Berkley (D., Nevada)  
Grace F. Napolitano (D., California)  
Adam Schiff (D., California)  
Diane E. Watson (D., California)  
Adam Smith (D., Washington)  
Betty McCollum (D., Minnesota)  
Ben Chandler (D., Kentucky)  
Dennis A. Cardoza (D., California)  
Russ Carnahan (D., Missouri)  
Ron Klein (D., Florida)  
Albio Sires (D., New Jersey)

Ileana Ros-Lehtinen (R., Florida) – Ranking Minority Member  
Christopher H. Smith (R., New Jersey)  
Dan Burton (R., Indiana)  
Elton Gallegly (R., California)  
Dana Rohrabacher (R., California)  
Edward R. Royce (R., California)  
Steve Chabot (R., Ohio)  
Donald A. Manzullo (R., Illinois)  
Thomas G. Tancredo (R., Colorado)  
Ron Paul (R., Texas)  
Jeff Flake (R., Arizona)  
Jo Ann Davis (R., Virginia)  
Mike Pence (R., Indiana)  
Thaddeus G. McCotter (R., Michigan)  
Joe Wilson (R., South Carolina)  
John Boozman (R., Arkansas)  
J. Gresham Barrett (R., South Carolina)  
Connie Mack (R., Florida)  
Jeff Fortenberry (R., Nebraska)  
Michael T. McCaul (R., Texas)  
Ted Poe (R., Texas)  
Bob Inglis (R., South Carolina)  
Luis G. Fortuno (R., Puerto Rico)

*\*These committees have jurisdiction over most legislation that would affect U.S. economic, political, and cultural relations with the nations of the Asia Pacific.  
The next issue of USAPC Washington Report will feature pertinent subcommittee assignments.*

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and multilateral trade accords include tougher enforcement capabilities and certain minimum standards to protect the environment and worker rights. Free trade agreements (FTAs) currently being negotiated with Malaysia and South Korea likely will not secure Congressional approval without meeting these requirements, Levin and others have suggested.

**TPA.** Baucus also has urged prompt renewal of the President's trade promotion authority (TPA), which expires in June. TPA gives USTR authority to negotiate trade accords and provides for expedited congressional approval of such pacts. Quick action is imperative,

Baucus has argued, so that Washington can affect a favorable outcome in the World Trade Organization (WTO) negotiations as well as lay the groundwork for potential FTAs with the European Union and Japan.

But TPA "should be improved as it is renewed," Baucus says, with stronger enforcement mechanisms and labor and environmental standards. Levin concurs that this is how Congress should endeavor to "shape" trade policy so that U.S. workers and farmers will realize more benefits. The Bush administration likely will oppose tough standards in trade pacts, so observers are skeptical that TPA will be extended. That may jeopardize approval of the pending FTAs with South Korea and Malaysia. ♦

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**Johnston:** Yes, Congress has the “power of the purse” and could use that to radically change U.S. policy toward Iraq, for example. If you recall the Vietnam War, Congress passed legislation stipulating that the United States could not spend money in, on, around, or about Vietnam. That measure effectively ended U.S. involvement in Vietnam.

Lawmakers could do the same thing with respect to Iraq. As we speak, I don’t know whether they will use their budgetary power to that extreme, but clearly the Defense Department’s \$600 billion budget request will be hotly debated.

I don’t believe there is a similar legislative device that could be used with respect to North Korea. Congress can-

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***Congress cannot mandate that  
the President negotiate directly  
with the North Koreans***

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not mandate that the President negotiate directly with the North Koreans. They only can urge him to do so.

**USAPC:** Overall, what is your view of the new Democratic leadership?

**Johnston:** Speaker Pelosi and Senate Majority Leader Harry Reid (D., Nevada) both have indicated that they want to govern from the center. They want to approach lawmaking in a bipartisan manner and accomplish a targeted set of goals.

These include: raising the minimum wage; improving congressional ethics; eliminating tax breaks for big oil companies; reforming immigration policy; and employing the so-called pay-as-you-go approach to federal budgeting. This is a realistic agenda.

You will recall that Speaker Pelosi backed Congressman John Murtha (D., Pennsylvania) in the race for House Majority Leader over the clear favorite, Congressman Steny Hoyer (D., Maryland). Hoyer ultimately won.

The outcome of the Murtha-Hoyer race effectively has weakened Speaker Pelosi’s position. This means we likely will see her lead more by consensus than by the top-down management style of recent Republican Speakers. Speaker Pelosi probably will have to consult more actively with her leadership team and committee chairmen—a potential development that some people regard favorably.

**USAPC:** Do you think governing from the center and leading by consensus will help to de-polarize politics in Congress?

**Johnston:** Yes. Many of the newly elected House

members and the so-called “Blue Dog” members of the Democratic Party supported Congressman Hoyer. Those two groups of Democrats tend to be more centrist in their policy views. Hoyer will have to consult them actively in forming policy positions.

I think one of the reasons the Republicans got into so much trouble in the November elections was that policy was totally under the control of the Speaker and the Majority Leader. Committee chairmen were not selected on the basis of seniority. They were selected and controlled by the Speaker.

I recall approaching one subcommittee chairman with a legislative proposal that was decidedly in the interest of his district. He told me he could not support what his district favored because the Speaker opposed the measure. That was the case across the board in the Republican-controlled House.

**USAPC:** Speaking of Majority Leader Hoyer, in early December 2006 he declared that the 110th Congress would work five days a week. This would be a far more ambitious work schedule than the previous Congress, which was in session only about two and a half days a week.

Do you think this represents an attempt by Congressman Hoyer to ensure that the new Congress is not another “no-nothing Congress?” Is it fair to say that the 109th Congress “did nothing?”

**Johnston:** Yes, the 109th Congress clearly was a “do-nothing” Congress—and that was by design. The Republican leadership wanted to avoid scheduling politically tough votes.

Some Congresses have been “do-nothing” simply because lawmakers could not reach a mutually acceptable compromise on certain issues in a timely fashion. But the last Congress was “do-nothing” by design.

The practice of meeting Tuesday through Thursday began when former Congressman Newt Gingrich (R., Georgia) was Speaker of the House. He said at the time that Members of Congress should live at home where they can be in touch with “what’s really going on.” It is an evil thing for Members to be in Washington, Gingrich and others suggested.

Well, I disagree. I think that’s a terrible approach. We live in a very complicated country that has many difficult issues that must be addressed via legislation and congressional oversight. You cannot do your job as a Congressman or Senator, study the issues, and vote responsibly if you’re going to backyard barbecues back home.

I think it’s great for Majority Leader Hoyer to institute a five-day-a-week work schedule, but this may be difficult initially. It would be very hard financially for many Senators and Congressmen who live back home to

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move their families to the Washington, D.C. area. The salaries of Members of the House and Senate simply have not kept up with the price of real estate here. So I imagine Majority Leader Hoyer may have to implement this schedule gradually in the coming two years.

**USAPC: I understand that some Democrats, led by Senate Finance Committee Chairman Max Baucus (D., Montana), would like to help American workers adjust to globalization through any number of different initiatives, including an overhaul of the Trade Adjustment Assistance Program, for example.**

**Can we expect more worker-focused initiatives from the Democrats?**

**Johnston:** As we speak, I don't know whether Senator Baucus actually has developed a worker-adjustment strategy or simply discussed the need for one. But as someone who believes in world trade, I think that is a very good approach.<sup>1</sup>

A strong case can be made that global trade has helped the United States. Admittedly, some workers, particularly in the textile sector, have been disadvantaged. Trade adjustment assistance would be good for them and other workers in less competitive industries.

But at the end of the day, we don't want to address trade-related worker dislocation through protectionist means. You could certainly impose protective tariffs against imports from China, but then companies would just move their purchasing and supply arrangements to Vietnam.

There is a great deal of labor around the world that is far less expensive than in the United States. Much of U.S.-based manufacturing will never be able to compete with the cost of manufacturing in many Asia countries. It is a losing proposition to erect trade barriers in an effort to go back to the old days.

**USAPC: How can we educate lawmakers and the American public about the importance of the Asia Pacific to U.S. economic and political interests when it appears that Iraq will continue to dominate the foreign policy agenda of Congress in 2007?**

**Johnston:** I strongly agree with experts, such as Ambassador J. Stapleton Roy, who have warned that the United States risks finding itself excluded from important

<sup>1</sup>On January 4, 2007, Senators Max Baucus (D., Montana) and Norm Coleman (R., Minnesota) introduced a bill to reauthorize and improve the federal Trade Adjustment Assistance (TAA) program. It would extend TAA benefits to U.S. workers in the services sector if it can be determined that trade negatively affects their jobs. The bill also would (1) help workers who take lower-paying jobs to recoup a portion of lost wages by allowing them to apply for wage insurance; (2) help companies to retool trade affected businesses to avoid laying off workers altogether; and (3) allow workers in an entire U.S. industry to receive TAA benefits if it can be determined that trade affected a sector nation-wide.

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## USAPC in Action

### 4th Annual USAPC Washington Conference:

#### **"Fundamental Change In Asia And The United States Response"**

The U.S. Asia Pacific Council (USAPC) held its 4th Annual Washington Conference on November 30, 2006 in Washington, D.C. Former U.S. Ambassador to China J. Stapleton Roy, who currently is chairman of the USAPC and managing director of Kissinger Associates, opened the conference. He underscored the importance of U.S. involvement in the community-building dialogue now underway in East Asia. "The United States has not been paying adequate attention to economic, political, security, and attitudinal trends in Asia and considering how those trends may affect its regional interests," he warned.

A group of distinguished academics, legislators, diplomats, and policy commentators then provided insights into how the Asia Pacific's changing security dynamics, political relations, and trade and investment patterns will challenge U.S. policy toward the region in the years ahead. Analysts also considered the implications of the 2006 mid-term congressional elections on U.S. relations with the region.

The conference agenda and speaker information are available at [www.usapc.org/](http://www.usapc.org/) (click on the Conferences & Events tab). A transcript of the proceedings will be posted on the USAPC's website shortly.

### Congressional Study Group on the Asia Pacific

#### Economy:

**"Managing Challenges in U.S.-China Economic Relations"**—On December 4, the Congressional Study Group (CSG) on the Asia Pacific Economy held a program that focused on salient issues in U.S.-China economic relations. Robert Dohner, deputy assistant secretary of the Treasury for Asia, discussed Treasury's goals for the inaugural meeting of the U.S.-China Strategic Economic Dialogue in early December 2006. Jennifer Amyx, professor of political science at the University of Pennsylvania, provided a critical review of the Bush administration's approach to challenges posed by China's rise in the global economy.

*The East-West Center's Congressional Study Groups (CSG) provide fora for the dissemination of research and discussions of key issues in U.S.-Asia relations of potential interest to U.S. lawmakers. The CSG on the Pacific Islands examines political, economic, and social developments in the South Pacific. The CSG on the Asia Pacific Economy addresses current issues arising from the ever-deepening U.S. economic relationship with nations of the Pacific Rim.*



## Asia Pacific Dialogue

### Important 'Track-Two' Initiatives:

**Pacific Economic Cooperation Council (PECC)** — On November 29, 2006, PECC held a special symposium in Washington, D.C., "Bond Market Development in the Asia-Pacific: Broadening Regional Business and Cooperation Opportunities." The event was jointly organized by the Chinese Taipei Economic Cooperation Council and the U.S. Asia Pacific Council. Experts from Asia and the Americas examined prospects for trans-Pacific collaboration in bond market development.

On December 1, 2006, the PECC Executive Committee Meeting was held in Washington, D.C. Members discussed PECC signature projects, such as the *State of the Region Report*, and potential future projects, including the "Regional Institutional Architecture" project. Members also provided updates on individual projects and discussed plans for the 7th PECC General Meeting in Sydney Australia, May 1–2, 2007.

**Committee for Security Cooperation in the Asia Pacific (CSCAP)** — On December 14, 2006, the CSCAP Steering Committee held its annual meeting in Wellington, New Zealand. Participants agreed to launch an annual *CSCAP Asia Pacific Security Outlook* publication. The group also agreed to establish a *Study Group on Energy Cooperation in the Asia Pacific*, that will be co-chaired by CSCAP Singapore and CSCAP India. It has a two-year mandate and will focus on cooperative approaches to enhancing energy security.

### Key Official Meetings/Events, January 2007:

● **Secretary of State Condoleezza Rice and South Korean Minister of Foreign Affairs Song Min-Soon** discussed efforts to persuade North Korea to abandon its nuclear program and other bilateral issues in Washington, D.C., January 5.

● **Secretary Rice and Defense Secretary Robert Gates** will meet their Japanese counterparts, **Foreign Minister Taro Aso and Defense Agency Director General Fumio Kyuma** for the so-called two-plus-two meetings in Washington, D.C., January 13.

● Leaders of the 10 member nations of the **Association of Southeast Asian Nations (ASEAN)** will hold the 12th annual ASEAN summit in Cebu, Philippines, January 13. The **2nd East Asia Summit**—involving leaders from the 10 ASEAN nations plus Australia, China, India, Japan, New Zealand, and South Korea—will be follow on January 15.

● **Kim Jong-hun, Korea's lead trade negotiator, and Wendy Cutler, Assistant U.S. Trade Representative**, will hold the next round of Korea-U.S. Free Trade Agreement (KORUS-FTA) negotiations in Seoul, South Korea, January 15–19.

● **President Bush** delivers the State of the Union address in the U.S. Capitol, January 23.

● International business and government leaders will meet in Davos, Switzerland for the World Economic Forum, January 24–28.

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community-building initiatives underway in the Asia Pacific if it does not remain engaged in the region. But I fear that Iraq will continue to suck all of the oxygen out of the room. After all, we're spending \$200 billion a year in Iraq and Americans are getting killed there.

The United States cannot remain in Iraq forever. However, as soon as we leave the sectarian violence likely will intensify again. Who knows—by training the Iraqi army we may find that we just have armed the Shiites and Sunnis for civil war. This issue will so dominate the time and attention of Congressmen and Senators that we will have to work even harder at getting them to focus on Asia. ♦

*Senator J. Bennett Johnston's (D., Louisiana) political career spanned 32 years, including eight years in the Louisiana Legislature and 24 years in the United States Senate. He currently is the chief executive officer of Johnston & Associates, a governmental and business consulting firm in Washington, D.C. An expanded version of this interview is available at [www.usapc.org/ResourceBlog/johnston.pdf](http://www.usapc.org/ResourceBlog/johnston.pdf).*

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past 12 years of Republican leadership, it was called the House International Relations Committee.

In addition to reinvigorating U.S. foreign policy oversight, Lantos said he will focus on reversing the "severe loss of America's prestige in recent years, improving international cooperation, and reinstating the United States' role as the lodestar of democratic values and human rights." This undoubtedly will translate into hearings and possibly legislation aimed at cracking down on human rights abuses in Burma, China, and North Korea.

Lantos expressed interest in expanding his committee's agenda in an unconventional direction to include energy security. This is an important foreign policy matter, he said, "as our actions with respect to other countries can be distorted by our dependence upon oil from overseas." Lantos wants to use his new platform to encourage more widespread use of alternative fuels. Biden also supports the move to alternative fuels and agrees that "domestic energy policy is at the center of our foreign policy." But it is unclear whether Biden will broaden his panel's agenda to include energy matters. ♦



## Public Diplomacy

### Spellings And Powell Lead U.S. Higher Education Delegation To Asia

Secretary of Education Margaret Spellings and Dina Habib Powell, Assistant Secretary of State for Educational and Cultural Affairs, led an historic delegation on a three-nation Asian tour November 13–18, 2006. The goals of the trip were (1) to highlight the United States as a premier destination for educational opportunities for Asian students and (2) to promote greater collaboration between U.S. government, colleges and universities and Asian governments, educational institutions, and businesses.

The 12 U.S. university presidents who comprised the delegation were drawn from both large, private and state-sponsored institutions, such as the University of California at Santa Barbara and Johns Hopkins University, as well as from smaller, two-year community colleges, such as Community College of Philadelphia and Piedmont Community College.

The delegation made stops in China, Japan, and South Korea. Notably, during the China visit Secretary Spellings and Minister of Education Zhou Ji signed a Memorandum of Understanding. It pledged mutual emphasis on the advancement of higher educational opportunities for U.S. and Chinese students in each other's nation, by among other means, broadening Chinese language study in the United States and English language study in China. For a detailed recap of the Asian tour, see <http://exchanges.state.gov/>.

## Iraq, North Korea Policies Will Face Tough Scrutiny On Capitol Hill

The Democratic Party leaders who assumed control of the House and Senate on January 4 said that while they will seek bipartisan cooperation, they also plan to subject the Bush administration's foreign policies to more rigorous oversight. To underscore their intent, Senator Joseph Biden (D., Delaware) and Congressman Tom Lantos (D., California), the chairmen of the Senate Foreign Relations Committee and House Foreign Affairs Committee, respectively, called Secretary of State Condoleezza Rice to testify on January 11 about the deteriorating situation in Iraq.

The Senate Foreign Relations Committee will follow this up with a full month's worth of hearings, featuring commentators from both the right and left of the political spectrum, former high-ranking military and diplomatic officials, and former National Security Advisors and secretaries of State and Defense. "Our purpose is not to revisit the past, but to help build a consensus behind a new course for America in Iraq," Biden said.

Frustrated by the deadlock in the so-called Six Party Talks aimed at ending North Korea's nuclear program, Lantos said he also will hold hearings to consider a new approach that may entail direct U.S.-North Korea negotiations. "Americans have demanded change in the way our country conducts itself in the world, [so] count on Congress to see to it," he said.

Further signifying that he will do things differently, Lantos, in one of his first acts as chairman, restored the name of the House Foreign Affairs Committee. For the

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## China Eludes Designation As Currency Manipulator But Gets Weak Marks For WTO Compliance

Two executive branch reports on China's economic policies issued in December 2006 may fuel congressional activity this year that could complicate the already challenging course ahead for bilateral relations.

**Treasury Report** – The December 19 release of the Treasury Department's *Semiannual Report on International Economic and Exchange Rate Policies* greatly disappointed critics on Capitol Hill and in business who have charged that Beijing deliberately undervalues the  *yuan* to promote exports. The report acknowledged that China's "cautious approach to exchange rate reform continues to exacerbate distortions in the domestic economy and impede adjustment of international imbalances." But Treasury concluded that "no major trading partner" met the technical requirements for designation as a currency manipulator. Such a designation

would have obligated Treasury to promptly initiate formal negotiations to liberalize China's currency regime.

Senate Finance Committee Chairman Max Baucus (D., Montana) said the report has "seen its day." He pledged in 2007 to develop a "new approach and new tools" to realize market-based reforms to the currency policies of China and other nations.

**WTO Compliance** – The U.S. Trade Representative (USTR) was not as charitable as Treasury in its annual report to Congress on China's compliance with its obligations as a World Trade Organization (WTO) member issued on December 11. It described broad progress made to date by China in implementing reforms, but highlighted continued problems in China's enforcement of intellectual property rights and "worrisome signs" that China's market opening efforts have slowed.



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