



## Remarks by Deputy Secretary Negroponte to the American Chamber of Commerce in Hong Kong

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Thank you, Steve. I'm thrilled to be back in Hong Kong, where I began my Foreign Service career more than 47 years ago. This city is a symbol of Asia's dynamism and potential, and I want to congratulate Hong Kong for successfully hosting the 2008 Olympic equestrian events last month. I'd also like to recognize our new Consul General, Joe Donovan, a diplomat with the expertise and experience to continue strengthening the U.S.-Hong Kong relationship.

The United States has been a Pacific power for much of its history. Indeed, our relations with Asia began not far from here when, not even a decade after our country's birth, an American merchant ship first docked in the port of Guangzhou. And in 1833—175 years ago—we signed our first treaty of friendship with an Asian power, Thailand.

In the course of my own career, and certainly in the course of American history, our presence as a Pacific power has taken many shapes. But in 1961, when I arrived in Hong Kong, and throughout that decade, when I was working on Vietnam policy, I could not have imagined the extraordinary transformation Asia would undergo in the coming decades. As President Bush noted last month in Bangkok, "Asia has gone from an area mired in poverty and recovering from world war to a thriving and dynamic region." Asia has avoided military conflict for nearly three decades, and relations among its major powers have never been better. Nearly all of Asia's economies are market-based, and robust democratic systems are flourishing throughout the region. The 21 APEC economies now account for 60 percent of global GDP and half of global trade. All of this makes Asia a key component of a rapidly globalizing world. And so, America's status as a Pacific power has never been more important than it is today.

Those of us fortunate enough to witness Asia's transformation know that it was neither inevitable nor accidental. Asians, who recognize the value of education and hard work, deserve primary credit for their region's accomplishment. But Asia prospered thanks also to a broader international economic and security order sustained by American leadership. For 60 years, the U.S. presence in Asia has had a calming effect on relations among the region's major powers. Our military alliances with like-minded Asian partners have allowed many of the region's powers to trade in their swords for ploughs and harvest the gains of global trade. Our alliances with Japan, Korea, Australia, the Philippines, and Thailand remain the foundation of peace and security in Asia.

Over the last few years, the United States has reinvigorated those alliances while also reaching out to new friends in Southeast Asia. We have a growing partnership with Indonesia, the world's largest Muslim-majority nation, which has made a remarkable transition to democracy in recent years. To help cement Indonesia's success, the U.S. has pledged over \$200 million in 2008 to support civic, governance, and educational institutions there.

Our relationship with Vietnam has also entered a new chapter, symbolized by President Bush's visit to Vietnam in 2006 and the visit by Vietnamese Prime Minister Nguyen Tan Dung to Washington in June. Last week I traveled to Hanoi and Ho Chi Minh City and saw firsthand the country's transformation from when I worked in Saigon in the 1960s. The United States and Vietnam now enjoy significant and growing trade and economic ties; an emerging military-to-military relationship; successful cooperation on health and development issues; and growing cultural and educational links. Vietnam's effort to integrate itself into the global economy has been an essential element in its remarkable growth over the last 15 years. We encourage Vietnam's leaders to continue those efforts, which have lifted millions of its citizens from poverty and opened up opportunities for Vietnamese and American businesses. Vietnam has followed a path to growth familiar to many of its successful neighbors: encouraging private enterprise, establishing legal institutions, and opening itself to global trade through membership in institutions like APEC and the WTO. We celebrate its people's rising prosperity. At the same time, we continue to urge Vietnam to strengthen its respect for human rights and religious freedom.

I also had the opportunity this week to visit Cambodia, a country with which our relations have been steadily improving in recent years. Cambodia is eager to overcome the tragic legacy of the Khmer Rouge, and as it works to strengthen democracy, improve public health, and increase respect for human rights, Cambodia can count on our support.

As in Vietnam, global trade and investment have transformed Hong Kong from the city I encountered when I first made the always exciting descent into Kai Tak airport in 1961. Hong Kong holds special importance for me as my first overseas posting, and I'd like to spend a minute on the past, present, and future of this remarkable city. Looking back on my time as Vice Consul, I can remember walking through the narrow streets of this densely packed city and being greeted, at every turn, by the enticing scents of delicious Chinese cuisine. U.S. Navy ships would harbor here regularly, granting a day of needed rest and relaxation to U.S. sailors and Marines serving in the Pacific. At that time, Hong Kong served as our window into China, and stories were coming out of the Mainland about the terrible famine years during the Great Leap Forward.

The images of Hong Kong I carry in my memory are only faintly recognizable in Hong Kong today, but one thing that hasn't changed is Hong Kong's embrace of the free market and of an open society, which have transformed it economically and socially. Together with a strong rule of law, an independent judiciary, a free and vibrant press, and respect for individual rights, the free market has allowed Hong Kong to thrive. Hong Kong's per capita income rocketed from 28 percent of Great Britain's in 1960 to 137 percent in 1996. Today, in terms of purchasing power, per capita income is roughly equal in Hong Kong and the United States. The "one country, two systems" framework has served Hong Kong well, allowing residents here the freedom to express their views publicly, peacefully, and without interference.

The United States has a strong interest in Hong Kong's continued success. U.S. companies have invested over \$38 billion in Hong Kong, and Hong Kong is home to over 1,000 U.S. companies and 55,000 American citizens. We value this major economic relationship in its own right and as an important part of our economic integration with a booming Asia.

Freedom, competition, and individual choice are part of what makes Hong Kong so vibrant, and with that in mind, I'd like to congratulate Hong Kong on its recent successful Legislative Council elections. Although later than allowed for under the Basic Law, Hong Kong now has the opportunity to grant universal suffrage for election of the Chief Executive in 2017 and the LegCo in 2020. We hope that all parties will work together to find an effective path to universal suffrage that can be supported by the broad majority of people in Hong Kong. The United States will be closely following events here in the coming decade.

Over the past seven years, the Administration has focused great attention on building a strong relationship with a growing China—a goal that would benefit the people of Hong Kong, as well as mainland Chinese and Americans. China's rise stands out as an especially remarkable development, even against the background of Asia's extraordinary success. We want to see China integrated into East Asia and the global community as a responsible, constructive actor. This Administration has made good progress toward that goal, but the task will be the work of a generation.

- We have established path-breaking bilateral mechanisms to expand cooperation and address concerns about the range of security, political, and economic issues facing our countries. The Strategic Economic Dialogue, led by Treasury Secretary Paulson, and my own Senior Dialogue with State Counselor Dai Bingguo are examples.
- China agreed to abide by the norms of the global trading system by acceding to the World Trade Organization. We have benefitted from its accession: since 2001, China has been our fastest growing major export market. At the same time, when Chinese policies have violated WTO rules, we have held China accountable by filing WTO cases. As China deals with international trade regulations and other challenges of economic modernization, it can look to Hong Kong as a model of what's possible with free markets, foreign investment, and the rule of law.
- Lastly, we have encouraged China to provide responsible global leadership on critical issues such as ending North Korea's nuclear program and stopping the

bloodshed in Darfur. Our expectations are not always met, but by working together, we have challenged China to assume its responsibilities to strengthen the international system, with some success.

These steps have laid the foundation for China, as an aspiring global power, to move beyond a narrow conception of its national interests to a broader understanding that reflects its growing stake in the international system. The trend is in the right direction. Asia's rise, and especially China's, has also caused many to worry that U.S. influence in Asia would decline. These fears, I believe, are overblown. They ignore America's commitment to the Asia-Pacific region and underestimate our ability to pursue relations with every major Asian power, including China, in positive-sum terms.

It's also important to highlight how much Asia's powers have strengthened their relations with one another—and the role we've played in that process. As Asia's powers have increasingly interacted with one another through trade, travel, and other exchanges, new patterns of cooperation have emerged. Our effort to denuclearize the Korean Peninsula through the Six-Party Talks is a compelling example of cooperation among countries with historically tense, even hostile, relations. Although the process of denuclearization is far from complete, the Six-Party Talks demonstrate the potential for regional cooperation to complement our existing bilateral alliances.

The question facing all Pacific powers, including us, is how best to preserve and build on the gains from recent decades. As I said earlier, we firmly believe that our bilateral security alliances are and will remain the foundation of peace and stability in Asia. Those alliances are time-tested and reinforced by common interests and values. They have demonstrated their continued vitality by growing even stronger since the end of the Cold War. No one should doubt our unshakable commitment to our allies' security.

New regional organizations have the potential to complement our alliances and to help tackle region-wide issues, and the United States will remain open to their formation. We hope that, whatever regional architecture takes shape, it institutionalizes the conditions that have helped Asia attain its upward trajectory. Asia boomed within a framework of openness, U.S. engagement, and mutual security. Most Asian powers recognize this and support a form of open Asia-Pacific regionalism. The United States is a resident power in Asia, and we are a stakeholder in a regional order based on openness and cooperation.

I want to conclude by stressing that America's commitment to strong relations with the rising powers of Asia is bipartisan, and that our interests in the region are enduring. The United States is a Pacific nation, and our prosperity and security are increasingly tied to Asia's. Working closely with old allies and with new friends, we will continue to lead in a region that is growing in peace, prosperity, and freedom.

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