

RELEASE IN FULL

From: Mills, Cheryl D <MillsCD@state.gov>
Sent: Thursday, November 5, 2009 5:55 AM
To: Balderston, Kris M; Toiv, Nora F
Cc: H
Subject: RE: Ed Luce article

Nice!

From: Balderston, Kris M
Sent: Wednesday, November 04, 2009 5:30 PM
To: Mills, Cheryl D; Toiv, Nora F
Subject: FW: Ed Luce article

Finally a decent article

Go Yanks

From: Balderston, Kris M
Sent: Wednesday, November 04, 2009 5:28 PM
To: Reines, Philippe I; Crowley, Philip J
Subject: Ed Luce article

Clinton set to smooth Obama's visit to China

By Edward Luce in Washington and Geoff Dyer in Beijing

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Hillary Clinton is on course to raise the \$61m in private money needed to build a US pavilion for a trade fair in Shanghai next year, clearing one of the main foreign policy obstacles ahead of Barack Obama's state visit to China next week.

Mrs Clinton, whose first visit as secretary of state was to China, inherited a situation where the US was the only country other than Andorra that had failed to confirm its attendance at the Shanghai Expo - to the chagrin of the Chinese.

America's absence from the fair, running from May to October, was the first issue to be raised by the Chinese when Mrs Clinton visited in February. "The Chinese were very upset," says Elizabeth Baghley, who heads Mrs Clinton's office for global partnerships. "When she came back from China she said: 'Whatever it takes, this matters to China and to US business and we are going to get this done'."

The task was more arduous than expected. Unlike all the other participants in what is expected to be the largest trade fair in history, the US administration is barred by federal law from spending a single public dollar on global trade fairs. Mrs Clinton, who has extensive experience at fundraising as a presidential and senatorial candidate, was also prevented from asking for money herself.

The bureaucratic obstacles were made worse by the fact the Chinese had already tapped large US companies, such as Cisco and Coca-Cola, to spend money on their own corporate pavilions, which will face their national counterparts across the river around the fair in Shanghai. The situation was retrieved when three companies - Chevron, GE and PepsiCo - were persuaded to put up \$5m (€3.4m, £3m) each. So far \$46m has been pledged.

Mrs Clinton's emphasis on getting a US pavilion contrasted strongly with the attitude of the Bush administration. Some even referred disparagingly to the "Chi-comms" - an old-fashioned abbreviation for Chinese communists. "The state department basically saw it as a lost cause," says one state department official. "Some people laughed when they heard Hillary wanted to do this."

Shanghai has huge hopes for the Expo, which it sees as a chance to cement the city's global brand as an international financial centre and modern metropolis. With an official budget of Rmb28.6bn (\$4.2bn) and 70m expected visitors over the six months, the Expo has been marketed as the sort of coming-out party for Shanghai that last year's Olympics was for Beijing - and an event to rival the great 19th century world fairs in London, Paris and Chicago.

Given such heady expectations for what will be the world's largest fair, the absence of the US would have been considered a huge slight and a loss of face for the Chinese. Mindful of how much it mattered to the Chinese, Mrs Clinton saw it as an opportunity to build their trust. During strategic and economic talks with Chinese counterparts in Washington last summer, Mrs Clinton vowed she would get it done even if she had to "build it myself, brick by brick".

Mrs Clinton was also backed by John Huntsman, the US ambassador to China and former governor of Utah, who repeatedly told Washington how much symbolic value it would bring to China.

Mrs Clinton, who will be with the US president on his state visit next week, is expected to visit the site and may be in a position to announce that all the money has been raised.

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