

## US and Chinese Presidents Meet in California

Welcome to As It Is, the daily magazine show from VOA Learning English. I'm Mario Ritter.

Today, we hear about some of the issues discussed in the recent talks between the leaders of China and the United States. Then, we learn more about the seven billion dollar offer from the Chinese meat producer Shuanghui International to buy Smithfield Foods, the world's largest hog farmer.

President Obama and Chinese President Xi Jinping met in California last weekend for what was called an informal summit. It was the first meeting between the two men since Mr. Xi became China's president in March.

The leaders of the world's two largest economies met at the Sunnylands estate near Los Angeles, California. They discussed issues such as North Korea's nuclear program and ways to protect computers against attack.

Chinese media have expressed satisfaction with the meeting. The state-operated newspaper reported that the two countries were "ready to open a new chapter" in their relationship.

After the talks, American National Security adviser Tom Donilon spoke to reporters. He said there was no need for conflict between the two nations. He described the meeting as part of the Obama administration's policy of increased attention on East Asia and Pacific nations.

Part of the effort to improve relations includes dealing with the issues of intellectual property rights and security on the Internet, or cyber-security. Mr. Donilon noted that the direct theft of American property rights continues to be a problem. He said President Obama spoke to the Chinese leader about the issue.

“He asked President Xi to continue to look seriously at the problem that we’ve raised here. Number one is to acknowledge this concern. And I think this concern is acknowledged at this point. Number two, to investigate specifically the types of activities that we have identified here, and the Chinese have agreed to look at this. And, third, to engage in a dialogue with the United States on norms and rules, that is, what is acceptable and what’s not acceptable in the realm of cyber.”

There appeared to be greater agreement on North Korea, however. Tom Donilon said China has sent a clear message to North Korea by taking steps against the country. He said both presidents agreed that a nuclear-armed North Korea was unacceptable and that they would cooperate to persuade the country to give up its nuclear weapons.

However, rights activists did not hear anything about their concerns. Maya Wang of Human Rights Watch expressed dissatisfaction that there was no statement about a jail sentence given to the brother-in-law of jailed Nobel Prize-winner Liu Xiaobo. Activists say the sentence is yet another way the Chinese government is punishing the well-known dissident. In recent months, anti-corruption activists have also been detained. Maya Wang says human rights are a long-term issue.

“Unfortunately, I think the relationship between [President] Obama and Xi Jinping has been one in which human rights have been brushed off and sidelined. So this kind of call for a more personal, closer, newer relationship seems to be rather short-sighted.”

The news that a Chinese company plans to buy Smithfield Foods was surprising to some people and shocking to others. Many business observers say they understand why Shuanghui International wants to buy Smithfield Foods. They say the middle class in China is growing as its economy expands. And, that growing middle class is moving away from a diet of mostly rice and vegetables to one that includes more protein. Christopher Cruise has more on the story.

China is the world’s largest market for pork and other meat from pigs. Yet the country is struggling to produce enough meat to keep up with demand. Pig farms are small and pork-processing centers are not well-organized. Also, there have been several recent incidents concerning the safety of food in China. That is part of the reason they want to import it from us, says David Warner. He is a spokesman for the National Pork Producers Council, a trade group in Washington, DC.

What is not so clear is why Smithfield agreed to be bought out. Yes, there was a nice profit to be made. Shuanghui has offered to pay top dollar for the American company: \$34 for each share of Smithfield stock. That was 31 percent more than each share was worth on the last trading day before the deal became public.

When Smithfield Foods' President and CEO Larry Pope announced the agreement, he said "it will be business as usual, only better."

Gary Hufbauer is with the Peterson Institute for International Economics in Washington.

"I know that sounds like hype from an executive and it is a bit of hype, but there's a lot of truth to that because China is the biggest consumer of pork in the world and, no doubt, a growing market, because Chinese meat consumption, per capita, is still pretty low and it's going to go up as Chinese incomes improve and pork will be a big part of that, also of course beef and chickens. So it is a big growth area."

Yet, was that all that there was to it? The answer was on the company's website. Its announcement said, "With our shared expertise and leadership, we look forward to accelerating a global expansion strategy as part of Shuanghui."

Smithfield Foods' Larry Pope explained the comment to The Associated Press. In his words, "We're in a mature market ...and to continue to grow we have to look at opportunities outside the United States."

Bob Barnes worked at Smithfield Foods for about ten years before retiring. He told the AP the company needs to raise prices to pay for the increase in commodity costs. These include the corn it uses to feed pigs. But people who buy the company's products do not want to pay more.

Smithfield risks cutting its earnings if buyers cut back on the amount they purchase or if they turn to less costly meats, such as chicken. While the two companies are in agreement, the deal must still be approved by the American government. One issue is that Smithfield has deals to supply food sellers on or near American military bases. That could be a problem for the committee responsible for making sure such deals do not put America's national security at risk.

I'm Christopher Cruise.



And finally, American jazz musician Chick Corea celebrates birthday number 72 on June 12th.

Thank you for listening today. And join us at the beginning of the hour Universal Time for the latest news.