

Hughes plans China visit and tax-revenue study

Trade missions

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Annapolis—A delegation of state officials and business leaders, led by Governor Hughes, will go to China in October on a trade mission after a similar Chinese group visits Maryland in September, the Governor announced yesterday.

Wan Li, the provincial chairman of Anhui province, and 11 of the province's "distinguished citizens" would come to Maryland for two weeks in what the Governor and State Department officials said was the first exchange of visits between an American governor and his Chinese counterpart.

The trip was arranged through Dr. John S. Toll, president of the University of Maryland, who has a friend who is from Anhui. Dr. Toll's friend, a Chinese-American professor at the State University of New York at Stony Brook, is, in turn, friendly with Mr. Wan.

Mr. Hughes said he thought the trip would "improve the trade and cultural relationship" with China and would be particularly beneficial to Maryland businessmen.

Anhui, a central China province of about 35 million people due west of Shanghai, is a primarily agricultural area. But its leaders are trying to modernize and need Western tools and technology.

Asked what Maryland products or industry the Chinese might need, the Governor mentioned tools produced by Black & Decker, headquartered in Towson, trucks and heavy equipment produced by Mack Truck, of Hagerstown, airplanes produced by Fairchild Industries, which has a plant in Hagerstown, and the poultry business of the Eastern Shore.

Joseph Coale, a Hughes assistant who is helping to arrange the trip, said there were probably 50 businessmen in the state who would like to fill the six to eight slots available in the party of 12.

A representative of McCormick & Co., Inc., of Baltimore and Hunt Valley, makers of tea, spices and other foodstuffs, is another likely candidate to make the trip, Mr. Coale said. The medical profession, "a Maryland strong point," may also be

represented, he added. "We've got to sell what we're really strong at and what we think they want." Mr. Coale said.

U.S. State and Commerce Department officials cautioned yesterday that Maryland businessmen should not expect to return from China with business deals already signed.

"Often the governor takes his business buddies over there, it doesn't result in any business and the businessmen are disappointed," said Jack Rich, an international trade specialist in the People's Republic of China Division of the Commerce Department.

"These trips have been somewhat oversold as business ventures. You're not going to conclude any deals.

"The value is to make some contact and publicize the state's resources that the Chinese may draw on later."

Mr. Coale said the purpose of the trip was simply to lay a foundation. "We're not saying we'll come back with umpteen millions of dollars in contracts," he said.

Governor Hughes will not be the first Maryland governor to go to mainland China. Governor Mandel went there on a "goodwill trip" in 1974 with five other governors.

American trade with China has increased this year as a result of President Carter's decision last December to normalize relations with the mainland at the expense of Taiwan.

Last year there was about \$1.2 billion in imports and exports between the two countries. This year the figure is expected to be \$2 billion, with exports from the U.S. to China accounting for three-quarters of that figure, an important boost to this country's balance of trade.

While trade is expected to grow at the rate of 10 to 20 per cent a year, that is somewhat dependent on the successful conclusion of the trade agreement signed in China last month by Juanita M. Kreps, the Secretary of Commerce.

The agreement must be ratified by the Senate, but will not be approved until a satisfactory textile accord is signed to protect American industry from Chinese competition. Commerce Department sources said negotiations are not going well.

Mr. Hughes said the state would pay for transportation for any state officials who make the 10-to-14 day trip, but not for the businessmen. The state will also pick up the tab for putting up the Chinese delegation in Maryland, as the Chinese will pay the Americans' expenses in China. Mrs. Hughes will probably go, too, he

said.

The Chinese are expected to stay at the historic Paca House in Annapolis, and will be invited to spend a day on Chesapeake Bay, to visit manufacturing facilities, "stop at McDonalds, go to the symphony, and the race track," suggested Mr. Coale.

He said they were attempting to arrange a meeting for the Chinese with President Carter and hoping for an interview in Peking for the Americans with Deng Xiaoping, vice premier.

David Shinn, the State Department's coordinator with state and local governments, said he knew of only one other state, Alaska, which had sent its governor to China since normalization in search of trade.

Gov. John Dalton of Virginia is expected to arrive in China soon on a similar visit, and a number of other states are planning visits before or after Mr. Hughes, Mr.

Shinn said. But the exchange of top level state and provincial officials, arranged independently of Washington, is unique, he said.

Mr. Coale and the Commerce Department said that the Chinese would be most interested not in purchasing Black & Decker's tools or Perdue's chicken, but in enlisting those companies' help in setting up plants in the province.

The Chinese are particularly interested in establishing very large poultry processing farms. Mr. Rich said. Mr. Rich also speculated that the University of Maryland's extensive agricultural research program would be of interest to the Chinese.

The Chinese delegation to Maryland is expected to look for trade itself. Mr. Rich said the Chinese were anxious to sell metals, minerals and consumer goods—including finished textiles, arts and crafts, leather goods, down products, and silk.