International Trade Training for Journalists in Asia

The Center for China and Globalization (CCG)
Analysis of CCG on the US-China trade war and how the trade war is likely to develop over coming months and years

A Timeline: The US-China Trade War

Analysis

CCG Works

CCG Suggestions
PART /01

A Timeline: The US-China Trade War
August 2017

US: President Trump authorized a USTR probe into China’s intellectual property under Section 301 of the Trade Act of 1974.

March 2018

US: A list of 1,333 Chinese high-tech products worth USD 50 billion subject to a 25% punitive tariff was released.

April 2018

CN: China imposed tariffs (ranging 15–25 percent) on 128 products (worth $3 billion) in retaliation to the US’ steel and aluminum tariffs.
CN: China reacted to USTR’s initial list, and proposed 25 percent tariffs to be applied on 106 products (worth US$50 billion) (list revised on June 16).
June 2018

**US:** Trump requested the USTR to identify USD 200 billion worth of Chinese goods for additional tariffs of 10% and the list of products was published on July 10.

**CN:** released a rebuttal in response and made an additional charge to the WTO against the US’s unilateral tariff actions.

**CN:** stopped purchasing US-produced soybeans in retaliation to US-tariffs on Chinese imports.

August 2018

**CN:** proposed a range of additional tariffs of 5% to 25% on American exports to China worth USD 60 billion in reaction to a 25% rate increase on the USD 200 billion proposed by President Trump.
September 2018

**US:** the 10% duty on the USD 200 billion worth Chinese goods was confirmed by the White House with a 25% rate to follow in 2019. President Trump has also threatened to add an additional USD 267 billion goods to be taxed.

**CN:** released a White Paper, laying out the government’s official position on the US-China trade relationship.

November 9, 2018

**US and China** resumed trade talks: The US and China reportedly resume trade talks, via a phone call between US Treasury Secretary Steve Mnuchin and Chinese Vice Premier Liu He.

December 2, 2018

**US and China** agreed to a 90-day truce
December 14, 2018

CN: temporarily lower tariffs on US autos and resume buying US soybean exports

January & February 2019

US and China hold several trade talks both in Washington and Beijing

March 2019

CN: extends the suspension of additional tariffs on US autos and auto parts
May 10, 2019

US: increases tariffs on $200 billion worth of Chinese goods (List 3) from 10 percent to 25 percent

CN: releases a statement announcing that it “deeply regrets” the tariffs and that “necessary countermeasures” will be taken.

May 13, 2019

CN: announces tariff hikes on US products: China announces that it will increase tariffs on US$60 billion worth of US goods from June 1, 2019.

May 16, 2019

US: places Huawei on its ‘entity list’, banning it from purchasing from US companies.
May 31, 2019
CN: established its very own ‘unreliable entities’ list

June 1, 2019

CN: Tariffs of 25 percent, 20 percent, and 10 percent, which were first announced on May 13, 2019 are now in effect on US$60 billion worth of American goods exported to China.

June 2, 2019

CN: issued white paper titled, ‘China’s Position on the China-US Economic and Trade Consultations’
Walmart Inc, Target Corp and more than 600 other companies urged U.S. President Donald Trump in a letter on Thursday to resolve the trade dispute with China, saying tariffs hurt American businesses and consumers.
TWO

PART /02
Analysis
1. Misperceptions that Americans have about China today:

- Some Americans think China poses a threat to the U.S.

- It is not unusual for a dominant power to feel threatened by a rising power. E.g. Trade friction between Japan and U.S. in 1980s

- The fact of the exceptional pace of China’s growth and its achievements: the fastest train network, the biggest 5G network, and is set to overtake the US in terms of GDP over the next 10 to 15 years
China is often viewed as a state-run economy that poses a risk to the liberal world order.

- 80% of the Chinese economy is private with 10% of that comprised of foreign multinationals in China
- China has lifted 800 million people out of poverty
- China is a substantial contributor to the world. It contributes over 30% of global GDP growth.
- China is one of the largest donors to the United Nations.
- It is on the way to becoming the largest consumer market in the world with its middle class of about 400 mn people set to double within the next couple of decades.

China is a supporter of the current world order!
2. Chinese views on the US-China trade war:

• **Expect to make a win-win Trade Deal**

  ➢ On 7 June, President Xi called President Donald Trump as friend and said he believed the United States was not interested in rupturing economic ties with China. And most Chinese people also think like that way and we’re expecting to make a win-win Trade Deal.

• **Whether we like it or not, the world is now bound together by global supply chains.**
China has tried to address U.S. concerns

- China halted overt discussions of the China 2025 program.
- In March, China passed new foreign investment laws aimed directly at US concerns, forbidding forced technology transfers, protecting intellectual property, and demanding equal treatment between domestic and foreign telecom companies, among other measures.
• President Trump is losing some credibility for Chinese people.

- President Trump’s drastic actions on tariffs and on China’s technology companies have cultivated some negative feelings from Chinese people.

- Completely changing the game at crucial moments—for example, by imposing tariffs on the eve of a final negotiation is difficult to handle, not only for China, but for the rest of the world.

- If President Trump continues on this path, two countries will end up not only in a trade war, but also in a technology war and ultimately a global recession.
• Decoupling is basically impossible

➢ Walmart is a major importer of goods from China, which supplies thousands of stores and reduces inflation in the US economy
➢ GM and Ford sell more cars in China than in the US

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Decoupling would be catastrophic to the 70,000 US companies that generate $700bn in revenues in China—far higher than even the mistakenly inflated trade deficit figures President Trump is so focused on.
3. China’s concerns about Trade deal negotiations

- Little doubt that the US side’s taunts that the deal was shaping up to be more favorable to the US soured the negotiations.

  - The mere fact that officials seemed to be unilaterally disclosing details of the deal was in itself viewed as a betrayal.
  - Tensions intensified when the US accused China of backpedaling on the agreement.
  - Negotiations were ongoing
The white paper China recently released describes three occasions in which the US side changed its position.

Distrust has grown on both sides.

President Trump’s last-minute announcement of higher and new tariffs was viewed as unacceptable.
• Chinese officials have publicly outlined three red lines

1. **Tariffs must be lifted.** From the Chinese perspective, tariffs are the primary cause of the trade war, and lifting of them is the whole reason for negotiations.

2. **There should be no expectation of any material increase in Chinese purchases of US goods** beyond the level that President Trump and President Xi agreed in principle at the G20 summit in Argentina.

3. **That any agreement must look balanced.** so if the US makes demands of China, the US must agree to reciprocal demands from China. All of those requests seem reasonable.
THREE
PART /03
CCG Works
On Jan 20th, Donald Trump was elected as the 45th President of the United States.
Jan, 27th, Trump signed’ Muslim ban ‘after taking office

Adopt More Open Policies to Attract International Talent
On April 6, the presidents of China and the United States met at Mar-a-Lago
On June 19th, the first round of China-US comprehensive economic dialogue was held in Washington.

On Sep, 28th, Sino-US cultural forum was launched. CCG launched a series of “track II diplomacy” activities.
On Nov, 8th, US President Donald Trump visited China for the first time. CCG interpretation of Xi and Trump’s meeting, behind $253.5 billion.
On Dec, 2\textsuperscript{nd} Trump’s tax reform bill passed

CCG discussed the global impact of US tax cuts and China’s response
On Jan 30th, Trump delivered State of the Union

CCG held “Learning China-US political-economic trend from Trump’s the State of Union”
On March 22, 2018, the US began imposing large-scale tariff on imported Chinese goods.

CCG invited former US trade representative Michael Froman and Ambassador Susan Schwab to have discussion on current trading issue.
CCG held a seminar on Sino-US relations in the shadow of trade war in Beijing, and invited Michael Pillsbury, Director of China Strategic Center of Hudson Institute, and Terry Miller, Director of International Economic and Trade Research Center of American Heritage Foundation and former U.S. Ambassador to the United Nations, to discuss and exchange views on Sino-US relations, current situation and future of Sino-US economic and trade with experts in their respective fields.

In June 2018, the White House issued a statement setting a $200 billion tax list on goods imported from China.
On July 2018, the US-China trade friction was continually rising.

CCG released its report "Understanding and Breaking Down: A Deep Analysis of Sino-US Trade Frictions and Think Tank Suggestions"
In July 2018, the US-China trade friction was continually rising.

CCG and Hudson Institute jointly launched the Sino-US Trade Friction Research Project.
On August 23, the U.S. planned to begin collecting 25 percent extra in tariffs on $16 billion of Chinese goods.

CCG, The Geneva International Trade and Sustainable Development Center (ICTSD), and WTO Institute of UIBE jointly organized the round table seminar on "WTO Modernization Reform and Future Development"
May 1, China and U.S. hold 10th round of high-level trade consultations in Beijing

At the beginning of May, CCG expert delegation, whilst in the US conducting “track II diplomacy” activities, visited several think tanks and research institutions to promote greater bilateral understanding.
During May 1–3, the CCG expert delegation visited several US think tanks in Washington, including the Center for Strategic and International Studies (CSIS), Hudson Institute, Heritage Foundation, Wilson Center Kissinger Institute, American Enterprise Institute (AEI), Carnegie Endowment for International Peace, Cato Institute and Pew Research Centre.
On May 2 and 3, the CCG expert delegation visited three US Chambers of Commerce in Washington, including the US Chamber of Commerce, National Foreign Trade Council (NFTC), US-China Business Council (USCBC).
2019

On May 6 and 7, the CCG expert delegation visited four UN agencies at the UN Headquarters in New York City, including the Department of Economic and Social Affairs, the UN Secretariat, the NGO/DPI Executive Committee and the UN Office for South-South Cooperation.
On May 10, 2019, U.S. increased tariffs on $200 billion worth of Chinese goods (List 3) from 10 percent to 25 percent, when the bilateral talks, led by Chinese Vice-Premier Liu He and US trade representative Robert Lighthizer, ended without a deal.

CCG participated the Munk Debates

On May 10, CCG participated in the world-renowned Munk Debates. This engagement provided a vital chance for the voices from China to discuss the most pressing issues surrounding China’s rise especially with the escalating tensions between China and US. Under this backdrop, CGTN host and journalist Liu Xin had a debate with Fox News presenter Trish Regan.
On June 11, Mr. Walter Douglas, U.S. deputy assistant secretary of State visited CCG headquarters in Beijing.

On June 11, Sir Danny Alexander, Vice President and Corporate Secretary at the Asian Infrastructure Investment Bank (AIIB), to deliver a speech on the development and future prospects of the organization at CCG.
FOUR

PART /04

CCG Suggestions
1. Increase opportunities for US companies through opening wider and expanding the space for mutually beneficial cooperation.

2. Accelerate implementation of the new Foreign Investment Law.

3. Seek further tariff reduction through bilateral negotiations and re-engage in BIT talks.

4. Update the way that Sino-US trade is measured to more accurately reflect the value derived by each side.

5. Expand cooperation in infrastructure and explore creating a Sino-US infrastructure investment fund.

6. Strengthen cooperation with U.S. and international institutions on the Belt and Road Initiative (BRI).
CCG Suggestions

7. Promote the implement of intellectual property rights (IPR).

8. Build on the agreements already reached through bilateral negotiations and work to increase Sino-US bilateral trade and opportunities in services trade.

9. China and the US can work together to reform the WTO.

10. If China cooperates with U.S through joining CPTPP, it could help China reduce the structural conflicts in the Sino-US trade relations.


12. Develop the role of Track II diplomacy and promote bilateral dialogue and engage more on U.S.-China relations.
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Thanks For Your Attention!

Any Questions?
About CCG

The Center for China and Globalization (CCG) is a leading Chinese non-government think tank based in Beijing. It is dedicated to the study of Chinese public policy and globalization. Boasting a strong research team, it enjoys an impressive record of publications and events with broad public policy impact.

CCG’s research agenda centers on China’s growing role in the world, drawing from issues of global migration, foreign relations, international trade and investment, homegrown MNCs and other topics pertaining to regional and global governance.

Dr Wang Huiyao and Dr Miao Lu founded the CCG in 2008. Today near 100 in-house researchers and staff serve this thinking hub with subsidiaries and divisions spanning across China including Shanghai, Shenzhen, Guangzhou, Qingdao and Hong Kong.

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