

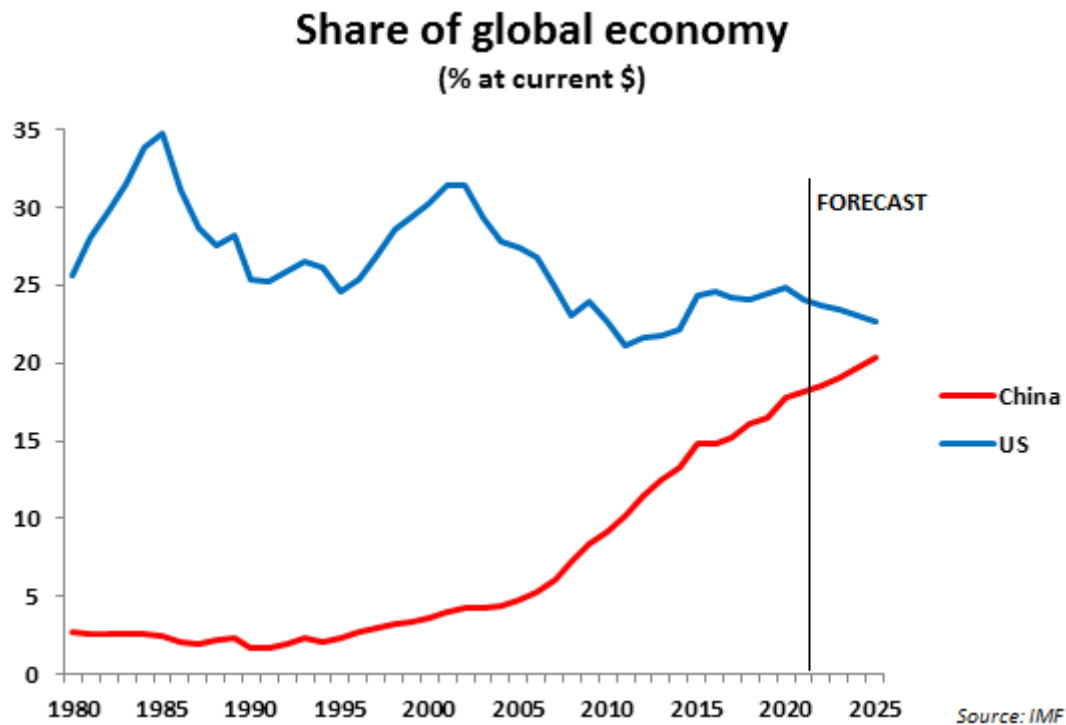
China vs America: Duelling claims in the trade war

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The Economist

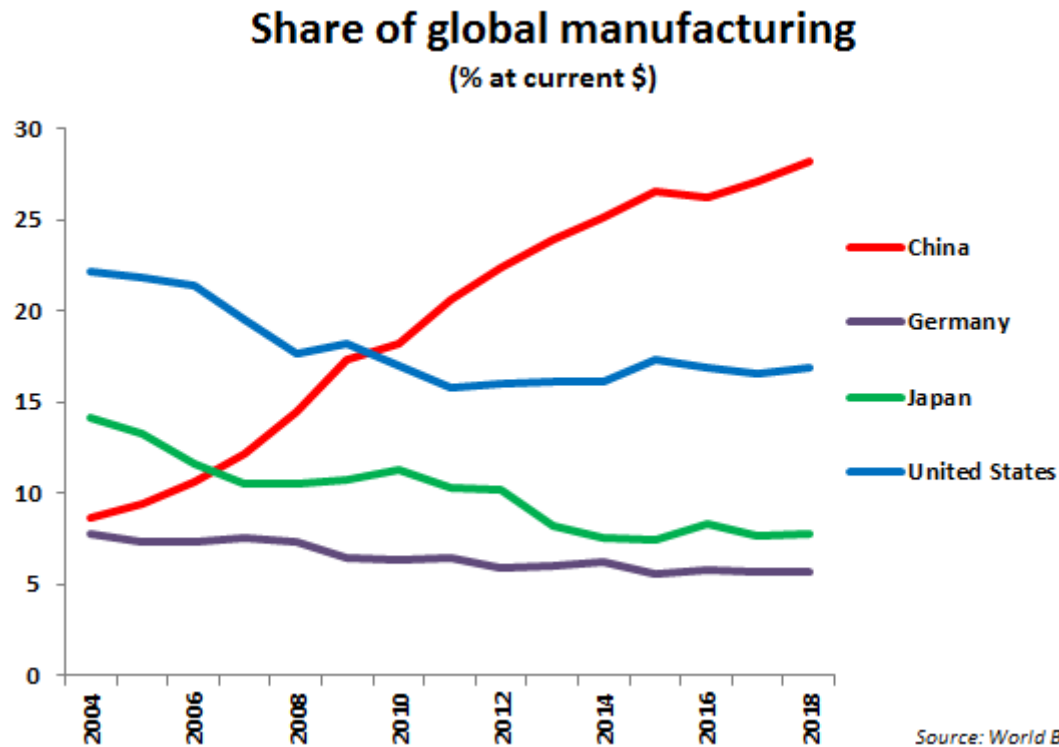
Queen's Institute on Trade Policy
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1. China's impact
2. China's side of the story
3. America's side of the story
4. What can be done?

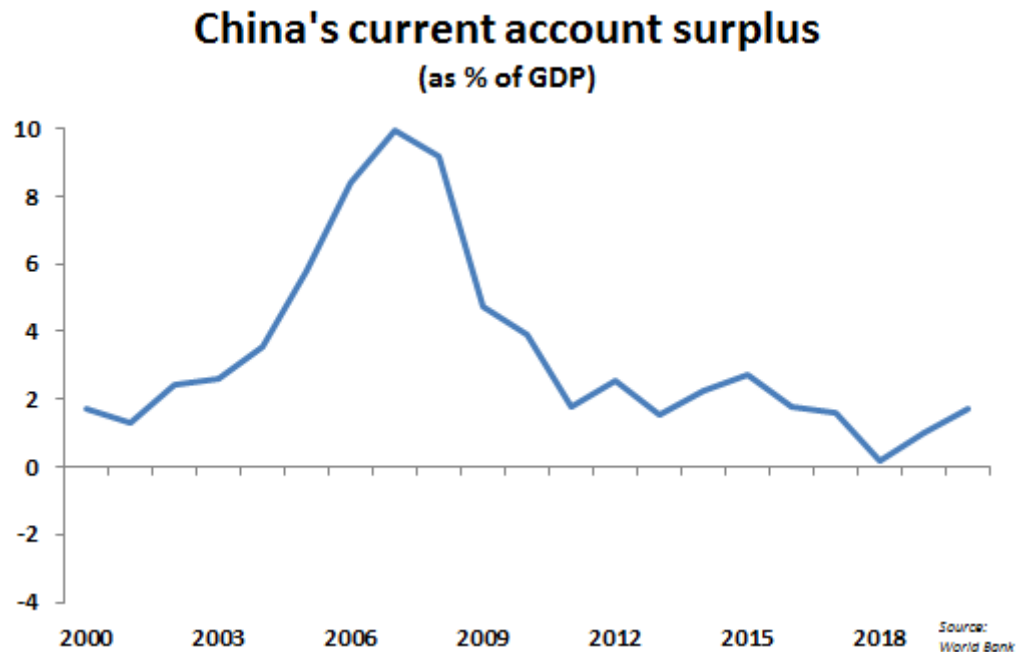
A new global #1?



Already a manufacturing superpower

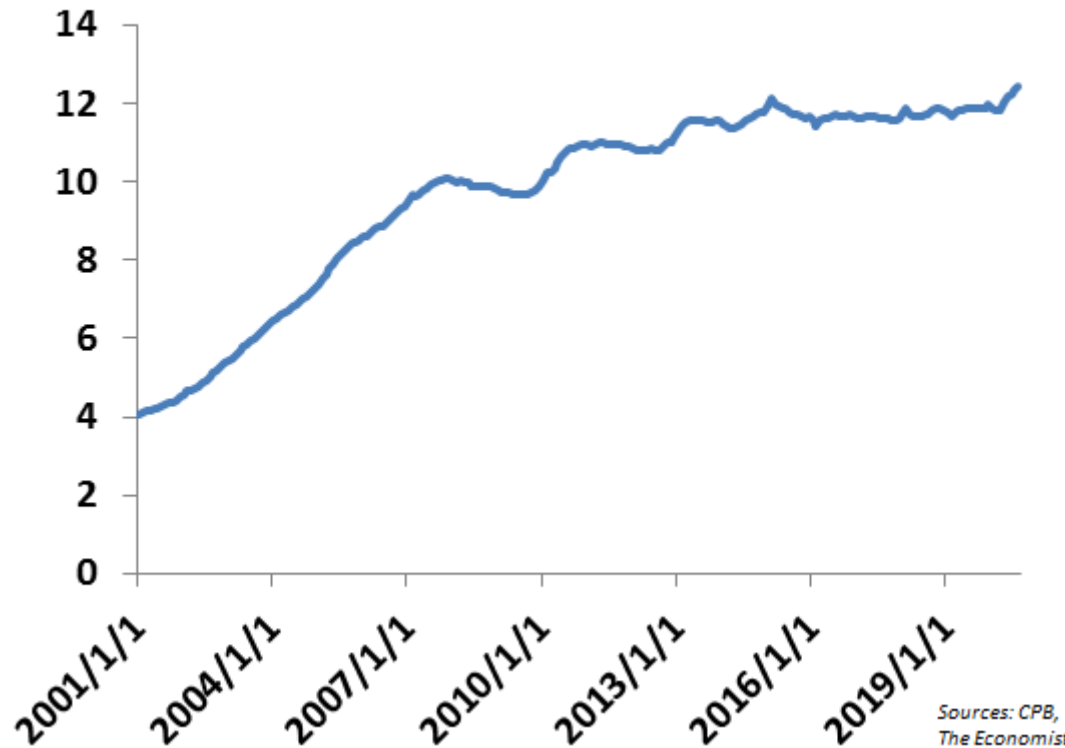


More balanced...



... but the big get bigger

China's share of global exports



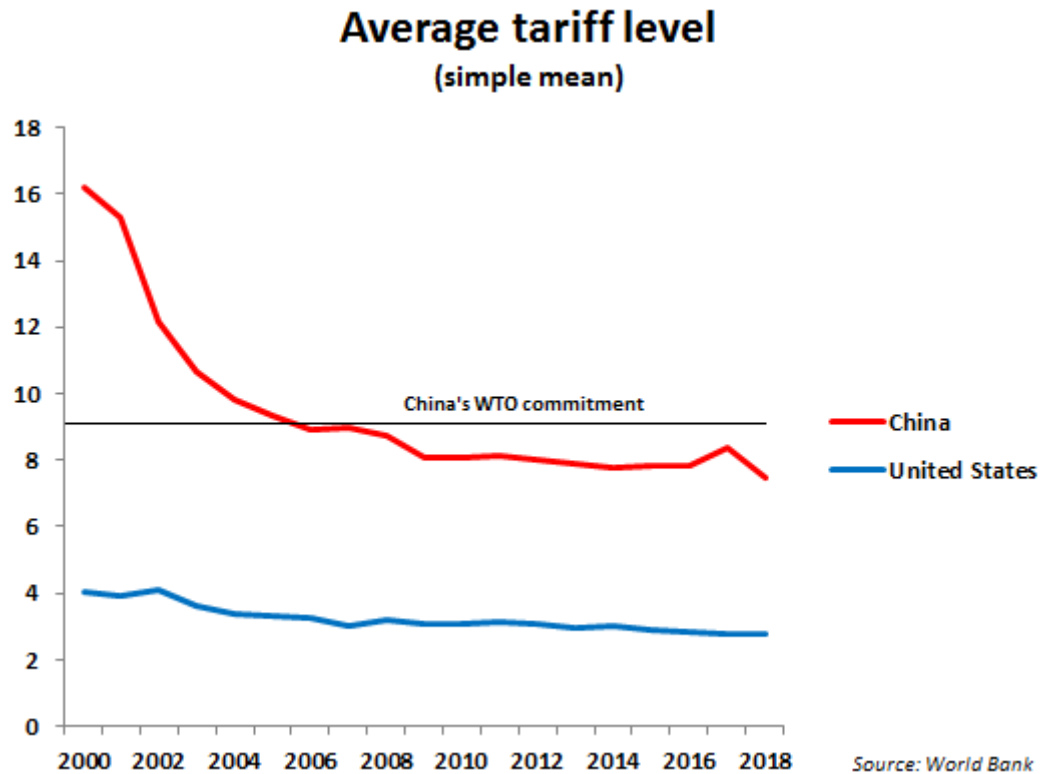
2. China's side of the story

- Abided by its WTO commitments
- Great strides in opening its markets
- Defender of the multilateral trading system
- Positive force for global development

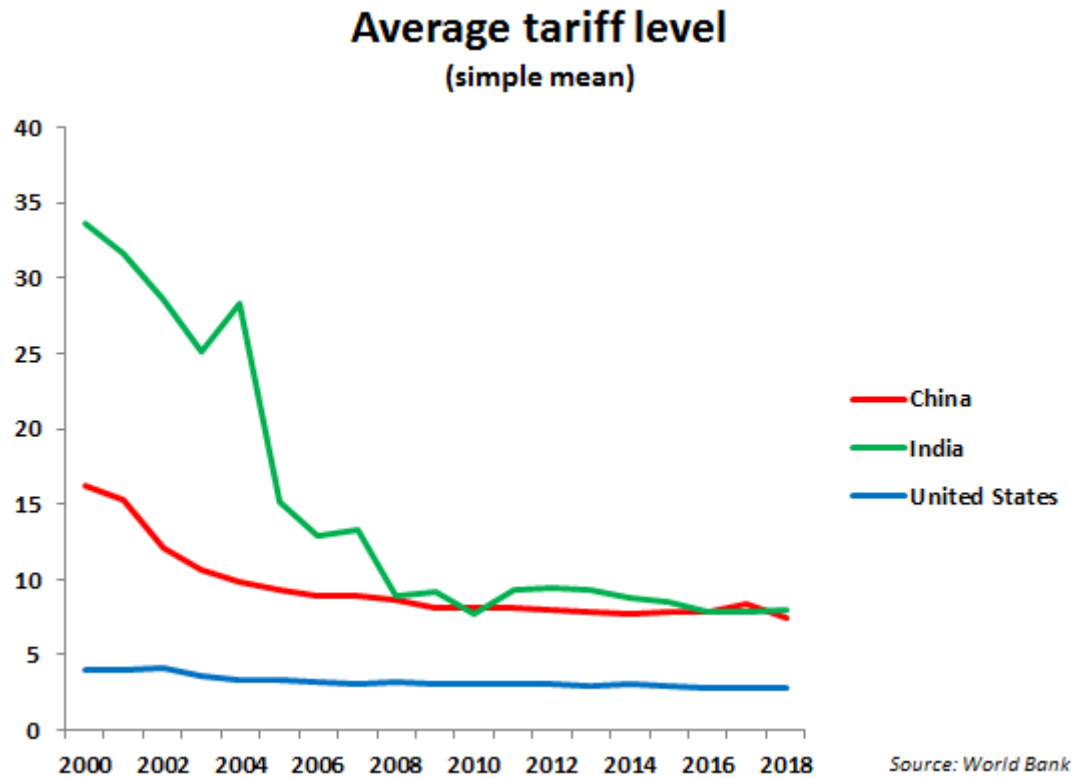
China's story, in greater detail

- Legal overhaul
- Reduced tariffs
- Lowered NTBs
- Opened services market
- IPR protection
- Upholding status quo in WTO & beyond
- Driver of global growth

More than promised...



... less than expected



3. America's side of the story

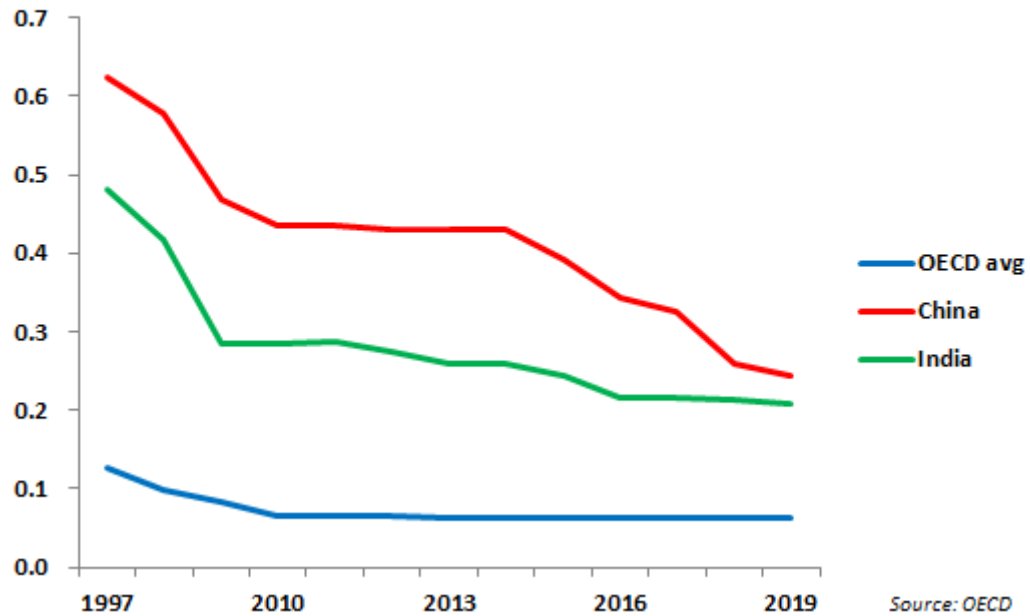
- China's record of WTO compliance is poor
- China has a state-led, mercantilist approach to the economy
- China's non-market approach imposes substantial costs on other countries

America's story, in greater detail

- Too many WTO disputes with China
- Threat of reprisal silences critics
- Lack of transparency
- Industrial policy on steroids
- Subsidies everywhere
- Coerced technology transfers
- Deliberate strategy of indigenous innovation
- Cyber-security as a new fig leaf

It's all relative

Openness to foreign investment
(OECD FDI restrictiveness index)

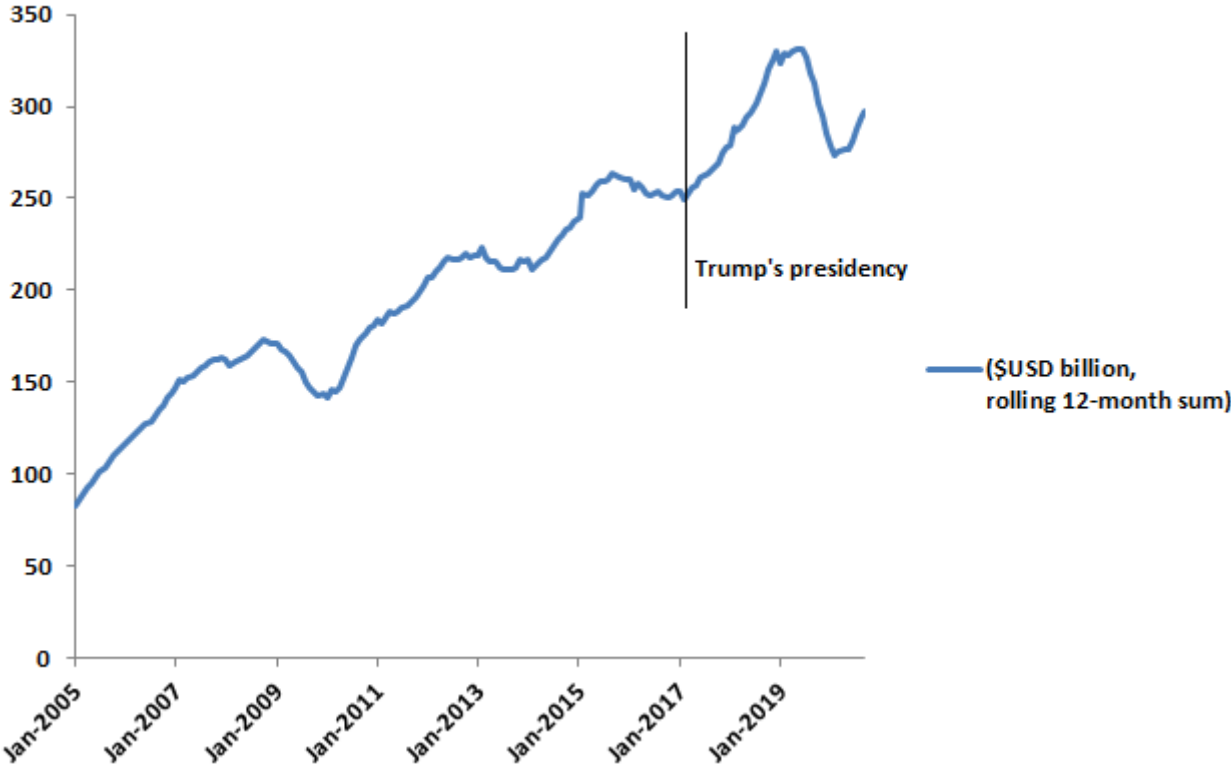


4. What can be done?

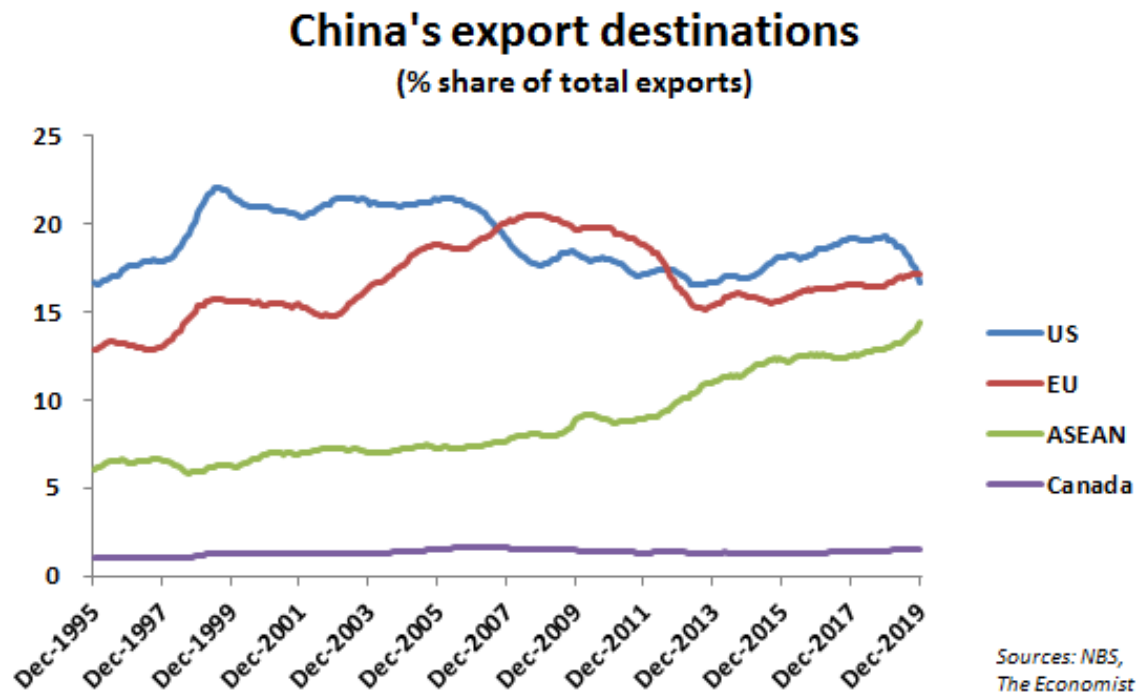
- Trade war failed on its own terms
- Disagreement clarified
- New paths

Winning bigly

China's trade surplus with the US



Decoupling and coupling



Progress of a kind

“What the U.S. expects of China is not the same thing as what China was obliged to do under the terms of its accession agreement. It’s not even close.”

“Promote the development of China’s socialist market economy.”

America: a more strategic decoupling

“I hear the Europeans pushing for the WTO, talking about how to reinvigorate it. They are crazy. It’s a lost cause.”

“Currency intervention may become a real rather than a fake issue with China again, too.”

“You can’t this ‘laundry list’ of issues with a new ‘laundry list’ of legally binding commitments.”

China: defensive integration

“We must build a self-developed, controllable, safe and reliable industrial and supply chain.”

“Tighten the dependence of the international industrial chain on China.”