Sino-US trade ties 'benefit both'

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By Andrew Moody |   
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Chinese manufacturers could prove to be solution to Trump's Rust Belt job problem, says former diplomat   
He Weiwen believes that despite the previous rhetoric, trade relations between the United States and China could be back on track.   
During his election campaign, US President Donald Trump threatened to impose a 45 percent tariff on imported Chinese goods.   
But the 72-year-old former diplomat believes the recent meeting between President Xi Jinping and Trump at the Mar-a-Lago resort in Florida pointed to a return to normalcy.   
"The meeting again anchored China-US relations on the fundamental principle of managing differences through dialogue," he says.   
Trump also indicated on April 16 that the US is not going to declare China a "currency manipulator", something he had pledged he would do during his election campaign.   
He, a former economic and commercial counselor in the Chinese consulates general in San Francisco and New York, says the measures that Trump intended to impose were never realistic options.   
"The currency manipulator label on China certainly looks unlikely for the moment. It may, of course, crop up again later depending on the trade issues," he says.   
"The across the board 45 percent duty on Chinese goods would never have happened, even if the Mar-a-Lago meeting had not taken place. Duties could still be applied on selected Chinese goods."   
The US had a $347 billion trade deficit with China in 2016, with US exports to China just $116 billion, compared with imports from the world's second-largest economy of $463 billion.   
"Despite this level of deficit, I still believe the relationship benefits both sides. The trade imbalance is just the logical outcome of the different position the two countries occupy in the global supply chain.   
"Although the US has these huge trade deficits, it benefits tremendously from lower prices from cheaper imports and the consequent effect this has on real earnings in the country."   
He, who was speaking from the offices of the Center for China& Globalization at Hanwei Plaza in Beijing, where he is a senior fellow, also believes that even before the first 100 days of the Trump presidency ends on April 29, there is room further agreements.   
"China and the US should be able to work out practical ways and even projects, even within the 100 days, to increase the exports of US goods and services to China and provide the Chinese with more market access to the US."   
He, a highly respected figure who has written a number of books and regularly gives speeches at leading US and European universities, subscribes to the view that Chinese manufacturers could prove to be the solution to Trump's Rust Belt job problem. Fuyao, the Chinese autoglass maker, opened a plant in Ohio in October, which is expected to create 3,000 jobs.   
"Both sides should work out a concrete plan and pathway to increase Chinese greenfield investment in the US manufacturing sector and also become involved in US infrastructure investment projects."   
He, who is also the author of about 300 papers and articles, believes this is a far easier way of creating jobs than Trump persuading US manufacturers to move their plants back from China.   
"There is just no point in General Motors moving its China operations back to the US. They have 10 assembly plants in China selling to the local market, which is the biggest in the world."   
He was born in Yudu County in Jiangxi province, although his family originated from Yiwu in Zhejiang province on China's eastern seaboard.   
His father, He Zhengsen, an academic engineer who had studied in Paris, was a leading expert on hydropower stations.   
He, who was also partly brought up in Nanjing, Jiangsu province, went on to study foreign trade economics at the Beijing Institute of Foreign Trade (now the University of International Business and Economics).   
In 1968, during the "cultural revolution" (1966-76), he was sent to Inner Mongolia, initially as a farm laborer and then as a teacher.   
"Our family was all split up. My younger brother and two younger sisters all worked on farms too. My father suffered a lot because he had been educated in Europe."   
After the turmoil was over, He went to work for the International Trade Research Institute, where he worked for more than 10 years.   
In 1984, he moved to be officer-in-charge of the China International Information Center, for which he was sent to Cologne, Germany, to set up a European office.   
"It was there that I learned how businesses could be done. I also experienced first-hand the advanced technology of German companies, which left a deep impression. Everything was also rules based, whereas in China, it was all about good relations with your boss and the government. This did not matter in Germany."   
At the end of the 1990s, He became economic and commercial counselor at the Chinese Consulate General in San Francisco, moving on to the same role in New York.   
It was a time when China's trade status was being reviewed annually by the US Congress, which created uncertainty in trade relations between the two countries. When China became a member of the World Trade Organization in 2001, the US had to give China favored nation status without condition.   
"This whole issue has come up again recently with Donald Trump saying he wants to review this. There is, however, a separate commission for that, since it is a core principle of the WTO. If the US wants to withdraw this status, then it has to quit the WTO itself," he says.   
He was involved in contributing ideas to the final communique of the G20 Summit in Hangzhou in September.   
"I believe there were some major changes made in Hangzhou. It no longer was the big countries club. I think it was important to converge the G20 agenda with the UN 2030 agenda for sustainable development," he says.   
One of the themes of the G20 was industrialization in Africa, which He believes will become one of the defining trends of the 21st century.   
"I believe Africa could make up 10 to 15 percent of industrial output within one or two generations. The continent has huge human capital. Its population is expected to double to 2 billion within 35 years. Western economies as well as Japan and China have aging, declining populations," he says.   
He says President Xi's defense of globalization at the World Economic Forum in Davos in January was also a landmark event.   
The former diplomat says that even with China's own version of globalization, the Belt and Road Initiative, the country is not ready to play a completely leading role in the world. The Belt and Road Forum for International Cooperation will be held in Beijing in May.   
"If the United States does not want to play a part in the modernization of the international trading system, for example, then it all becomes very difficult for China, the European Union and a large number of countries around the world."   
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Farm laborer and also teacher in middle schools, Inner Mongolia, 1968-73   
Research assistant rising to deputy division chief, International Trade Research Institute, Ministry of Foreign Trade, 1973-1984   
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Trade promotions director, China Chamber of Commerce, 1989-92   
Deputy editor-in-chief, International Business Daily, 1992-96   
Economic and commercial counselor, Chinese Consulate General in San Francisco (1997-2000) and New York (2000-03)

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