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The global economy would be severely impacted if the trade dispute between China and the United States turns into a cycle of widespread actions and counteractions, economists said on Wednesday.  
Their responses came after the US Commerce Department announced on Tuesday it was starting new investigations to determine if certain steel wheels from China are dumped in the US and whether manufacturers in China are receiving subsidies.  
The US government on the same day also made a preliminary determination that aluminum sheet imports from China are being subsidized.  
Maurice Obstfeld, economic counselor and director of research at the International Monetary Fund, said that major economies are flirting with a trade war at a time of widespread economic expansion may seem paradoxical,­ especially when the expansion is so reliant on investment and trade.  
“Particularly in advanced economies, public optimism about the benefits of economic integration has been eroded over time by long-standing trends of job and wage polarization, coupled with persistent subpar growth in median wages. Many households have seen little or no benefit from growth,” Obstfeld said.  
“These trends are more due to technology change than to trade,” he said.  
The IMF forecasts that recent US policies will actually widen the US trade deficit. It expects the US current account deficit for 2019 to be roughly $150 billion higher, considering the US tax cut and spending changes effective in the past months.  
“The Trump administration must broaden economic scales via investments in people and enhancing people’s sense of security to adapt to impending technological changes, rather than advancing trade tensions,” said Wei Jianguo, former vice-minister of commerce.  
Wei said the US is trying to form alliances with the European Union and Japan to further suppress China’s manufacturing, which has been boosted by the Made in China 2025 strategy. But he said those two other economies must be aware that the US doesn’t want to see any other country have a technological advantage in modern manufacturing because that would affect its global dominance.  
“They will be the next targets after China if they follow the US’s mistaken stance,” Wei said.   
The US Federal Communications Commission voted unanimously on Tuesday to ban federally subsidized telecom carriers from using suppliers deemed to pose a risk to national security. The move targets Chinese tech leaders Huawei Technologies Co and ZTE Corp, two names that appeared in the FCC’s order.  
Though the ban needs a second FCC vote to take effect, it highlights once again that Chinese tech players are finding it increasingly hard to access the US market, said Bai Ming, a researcher at the Ministry of Commerce.  
“After protectionism in trade, the US government is using national security concerns as a tool to exclude Chinese tech players and protect its domestic tech industry,” Bai said.  
This comes as China and the US are scrambling for the top spot in the high-tech sector. The US government feels threatened as Chinese tech firms emerge as innovation pioneers, Bai added.

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