

'CHINA TAKING ADVANTAGE OF U.S. FOR MANY YEARS'

Relevant for: International Relations | Topic: World Trade Organisation (WTO)

An auto parts factory in Shandong, China.AP

U.S. President Donald Trump on Tuesday said China had been taking advantage of the U.S. on trade for many years and that he knew how to stop it.

"China has openly stated that they are actively trying to impact and change our election by attacking our farmers, ranchers and industrial workers because of their loyalty to me... There will be great and fast economic retaliation against China if our farmers, ranchers and/or industrial workers are targeted!" the President tweeted, after his administration announced fresh 10% tariff on \$200 billion of imports from China.

Shortly after Mr. Trump's tweets, China announced retaliatory tariffs.

'America-first' approach

Forcing more favourable terms of trade on China has been a critical component of Mr. Trump's 'America-first' politics.

The ultra-nationalist group in the administration, led by Peter Navarro, Director of the National Trade Council and Commerce Secretary Wilbur Ross, believes that the U.S. will win a trade war with China.

The globalists represented by Treasury Secretary Steven Mnuchin are finding it increasingly difficult to influence the administration's trade policy. "It's a little disappointing earlier tariffs have not resulted in more constructive dialogue," Mr. Ross said. "But we hope these will," he said of the new tariffs.

At \$375 billion, the U.S. trade deficit with China is more than half of its total trade deficit. Mr. Trump and his nationalist advisers accuse China of unfair trade practices.

The Information Technology Industry Council, a business body representing America's tech companies that are heavily dependent on China trade, called the new tariffs "reckless".

Its CEO Dean Garfield said in a statement: "...China must change, but this is not the way to achieve the needed market access in China. More tariffs not only punish American consumers, manufacturers, and businesses of all sizes, they will also diminish the opportunity to negotiate with the Chinese and address long-standing trade issues." He said if the new tariffs were implemented, those will impact consumers and also diminish the U.S.'s "leadership on the emerging technologies that will shape our future."

Mr. Ross said the tariffs would have only marginal impact on domestic consumer prices.

Jack Ma's warning

In Shanghai, Jack Ma, the founder of Chinese e-commerce giant Alibaba, warned that the U.S.-China trade war could roll on for decades.

“It’s going to last long, it’s going to be a mess,” Mr. Ma said. The U.S.-China trade war will last not for 20 months or 20 days, but “maybe 20 years”, he said.

‘Synchronous measures’

Earlier in the day, China said it was forced to take “synchronous countermeasures”, following the U.S. decision, indicating that another round of the trade war with Washington was about to begin. Chinese Ministry of Commerce signalled that with the new round of tariffs, a fresh round of trade talks with the U.S. was now uncertain. The U.S. additional tariffs “have brought new uncertainties for bilateral consultations,” a Ministry spokesperson said.

Separately, the Chinese Foreign Ministry too hinted that talks with the U.S. could stall. “China has always emphasised that the only correct way to resolve the China-U.S. trade issue is via talks and consultations held on an equal, sincere and mutually respectful basis. But at this time, everything the U.S. does is not giving the impression of sincerity or goodwill,” said spokesperson Geng Shuang.

Asked to comment on a list of possible forms of retaliation, Mr. Geng said he would not respond to “hypotheticals”.

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