

Protectionist barriers lead to dead end

At Beijing forum, vice-premier and industry veterans warn of fallout from US move

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Vice-Premier Han Zheng called for trade liberalization and investment assistance to ensure sound growth of economic globalization and to make it open, inclusive, balanced and beneficial to all countries.

He reiterated China's stance on free trade at the opening of the annual China Development Forum in Beijing on March 25.

Han and Vice-Premier Liu He both voiced concerns about trade protectionism, after US President Donald Trump signed a memorandum on March 22 for a plan that could impose tariffs on up to \$60 billion of imports from China. Chinese investment in the US also was targeted.

Han, also a member of the Standing Committee of the Political Bureau of the Communist Party of China Central Committee, said it is a dead end for those who resort to trade protectionism to solve problems arising from economic globalization. Unilateralism and trade wars benefit no one, but lead to a larger scale conflict and negative impact, he said.

The vice-premier said history has demonstrated that openness will lead to prosperity. China will further open up to achieve high-quality development, focusing on the Belt and Road Initiative and treating domestic and foreign enterprises equally, he said.

All market entities can take the opportunity to grow quickly and countries around the world can work with China to realize mutual benefit and win-win cooperation, Han said.

Trump's memorandum is based on an investigation under Section 301 of the Trade Act of 1974 into alleged Chinese intellectual property protection and technology transfer practices.

Liu, who heads the Chinese side in the China-US Comprehensive Economic Dialogue, said in a phone call on March 24 with US Treasury Secretary Steven Mnuchin that the US move violates international trade rules and hurts the interests of China, the United States and the international community.

Liu said China is prepared to safeguard its national interests. Both countries should remain rational and make efforts to stabilize bilateral economic and trading ties, he



Vice-Premier Han Zheng speaks at the China Development Forum 2018 in Beijing on March 25. He said unilateralism and trade wars benefit no one. PANG XINGLEI / XINHUA

said. Both sides agreed to maintain communications.

China's economy contributes more than 30 percent to global economic growth. Its economic development in the past four decades has been established with the spirit, ingenuity and hard work of the Chinese people, combined with the reform of the economy and opening up to foreign ideas and investment, Tim Cook, chief executive of Apple, said at the forum's opening ceremony.

Trade protection measures adopt-

ed by some countries in the past three months go against the principles of the rule-based global trading system, said Li Wei, head of the Development Research Center of the State Council, which sponsored the forum.

It is not in anybody's interest to have an escalating trade war, said Robert Moritz, global chairman of PricewaterhouseCoopers.

Moritz said the global economy would be fragile if trade tensions come together with other risks.

"While it (protectionism) is in discussions between the US and China right now, it clearly has the risk of being more inclusive in terms of other countries being involved," he said.

The US needs China, and China needs the US, and the world needs both, he said. There is opportunity for both countries to share the world stage because neither one of them can do as much as they collectively can do, he said.

Li Xiang contributed to this story.

US-China tensions spell trouble

Economists warn a trade war between the two largest economies can disrupt global growth

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Leading economists and business leaders have voiced concerns about rising trade tensions between China and the United States, warning that an escalating trade war would be disruptive for both economies and would threaten global growth.

The prospect of damaging the economic relationship between the world's two largest economies and the potential consequences of the trade tensions were among the focuses of participants at the China Development Forum 2018 held in

Beijing on March 24-26.

Nobel-prize winning economist Joseph Stiglitz predicted that a trade war would induce pain on the US economy as the country has become "very dependent" on low-cost imports.

The US economist and Columbia University professor said a trade war with China will create "a large negative supply shock" for the US, which could be constrained in what it can do to absorb the economic disturbance.

"If the tariffs imposed on Chinese textiles and apparel increase, the cost of living in the US will go up, the Federal Reserve by its mind-set

will increase interest rates, which will slow the economy and create unemployment," he said.

Stiglitz said China will be better positioned than the US to weather the trade tension, as the country has increasingly shifted toward domestically driven demand and can use government projects to increase demand in areas that might suffer.

Lawrence Summers, a US economist and former US Treasury secretary, called for discussions to move beyond commercial concerns and to focus more on the long-term characteristics of the US-China relationship.

Business leaders from multina-

tional companies also addressed the potential impact of intensified China-US trade tensions on global growth and the financial markets.

The stock markets have responded with volatility since US President Donald Trump signed a memorandum on March 22 that could impose tariffs on up to \$60 billion in Chinese imports.

Sergio Ermotti, chief executive of UBS Group, said that the trade situation between the two countries needs to be taken seriously, as it will have international ramifications. He said an escalation of the trade tensions could drive down global

growth and companies could suffer.

"For the time being, we do not expect the measures so far to have a major effect on the economies and the financial markets, but if things move beyond where we are today, that will be our concern," Ermotti said.

Pascal Lamy, former director-general of the World Trade Organization, said history has proved that trade wars are a "negative-sum game" and improvements to the existing multilateral trading system are necessary, including further market opening and better discipline on subsidies, investment and public procurement.