

EDITORIAL

US sincerity can lead to better ties

Washington can build on consensus with Beijing to resolve trade tensions by engaging in equal, earnest consultations

No magic wand has been waved to make the differences between the United States and China vanish overnight. But the highly anticipated talks between Chinese President Xi Jinping and US President Donald Trump over dinner in Buenos Aires on Dec 1 have produced a welcome consensus that the two sides will work on ways to resolve their differences: Most pressing their trade dispute, which had been threatening to deteriorate into a full-on trade war

with the prospect of additional tariffs looming on Jan 1.

The fact that the two leaders could sit down for candid talks and agree to avoid the looming escalation of trade tariffs to allow for continuing trade negotiations, shows that both sides are aware of how damaging these would be, not just to each other but the global economy as a whole.

But given the complexity of interactions between the two economies, the rest of the world will still be holding its collective breath while

it waits to see if the series of constructive plans in the works can put bilateral relations back on a cooperative rather than confrontational track.

The vicissitudes of bilateral trade and economic relations in the past months have shown that in brooding over China's growing status in the international community, there are some in Washington who have let their concerns run away with their imaginations.

Therefore, the positive and constructive consensus reached on

Dec 1 between the two leaders will be even more significant if it helps to clear the air and create some breathing space for more rational thinking to harness their competition for the common good.

China has said that it will work to resolve the US' rational concerns — and it has backed up its words with actions by agreeing to expand US' imports — but a lasting improvement in bilateral relations is still dependent on the sincerity of the US to engage in equal-footed consultations with China, bearing in

mind the reality of China's situation.

That being said, by ending the immediate prospect of an escalation of their trade frictions, both have shown that they are willing to listen to each other and are committed to serious dialogue.

If they can respect each other's core interests and engage in equal and earnest consultations, they can expand the scope of their common interests, shrink their differences and usher in brighter prospects for their relations. And that would be to the benefit of everyone.

Restraint promotes cooperation

Agreement reached in Argentina shows that Beijing and Washington can find ways to end any bilateral row

By MALI

China and the United States agreed to avoid raising trade tariffs after President Xi Jinping and his US counterpart Donald Trump reached a consensus over the issue at the G20 Summit in Buenos Aires, Argentina, on Dec 1. The US agreed to not raise the tariffs on \$200 billion of Chinese imports to 25 percent on Jan 1, 2019, and instead leave them at 10 percent. The two presidents also agreed to “step up negotiations” to fully eliminate all additional tariffs.

That such an agreement was reached after a nearly one-year-long bitter tariff conflict shows Beijing and Washington can find ways to end any bilateral row if they pay attention to each other's core concerns.

The fact is that China and the US both have benefited enormously from bilateral trade. The US has exported large amounts of agricultural goods, raw materials and high-tech products such as chips that have fueled China's economic growth and created jobs while expanding the market for US products. On the other hand, US consumers have benefited greatly from the large quantities of inexpensive but good quality goods China has exported to the US.

Such a bilateral trade relationship

is indeed a win-win arrangement and beneficial to consumers, investors and workers in both countries — and this is the core of China-US trade relations. It is impossible for China and the US to decouple their economies, because doing so would bring both sides unbearable losses.

Despite this simple fact, why are some people still not optimistic about the future of China-US trade talks?

First, because by focusing on the seeming incompatibilities between China and the US, they fail to see their high degree of convergence on matters of core and essential interests. In any bilateral negotiations, both sides pursue their own interests, which are built on multiple issues rather than one single issue. So in many bilateral talks, one party gains more on one issue while the other gains more on another. Which means one side cannot always be the winner.

In most cases, however, both sides can benefit from negotiations, and one side's concession on one issue is built on the expectation that it would be rewarded on another issue.

China and the US share the same interests on many issues. China has a strong demand for such primary commodities as soybean, oil and natural gas which the US is willing to sell to China. China's suspension of these products' import therefore

should be seen as nothing but a short-term negotiation tactic aimed at finding a better alternative.

Similarly, many kinds of manufactured goods and components China exports to the US are also the most cost-effective to US consumers. The fact that many US importers are willing to share with Chinese companies the additional 10 percent tariff imposed by the US government on Chinese goods and continue or even accelerate Chinese imports is a strong indication that Chinese products are less likely to be replaced in the US.

As for the US expectations that China further promote economic reform by opening up some of its industries to foreign investment and strengthening intellectual property rights protection, China has already taken targeted measures to gradually resolve these issues through deepening reform. So, any Sino-US talks on such issues are sure to be win-win.

Second, many people focus on the “right and wrong” in the China-US “war of words” and Washington's seemingly uncompromising threats, but ignore the importance of their interwoven interests, which will make them respect each other.

In recent months, the US has repeatedly accused China of unfair trade and economic policies, claiming many US companies have fallen victim to such policies. But

almost all such accusations are double-edged swords. For example, the US has accused the Chinese government of granting subsidies to its companies, but has conveniently forgotten the fact that it too provides substantial subsidies to American businesses.

In fact, many governments committed to promoting their countries' economic development use subsidies to regulate domestic economic activities — the difference is only in how much subsidy they offer to a particular industry. So where is the question of right and wrong? That such a question is always raised by the US, but not China, as a bargaining chip gives the false impression that the US is always right.

Compared with Chinese officials' restraint when speaking on China-US trade talks, US officials usually make threatening remarks. This too has made some people pessimistic about the future of China-US trade ties. For example, on the eve of the G20 Summit in Argentina, top White House economic adviser Larry Kudlow said he was doubtful of China and the US reaching a “ceasefire” in the trade conflict.

However, the agreement reached between Xi and Trump shows that such threats are only part of the US' negotiation tactics. As a matter of fact, many cases indicate oral threats are not always conducive to striking a deal, and even less con-

ducive to achieving a win-win solution. In contrast, China's restraint shows its interests-based negotiating approach can help strike mutually beneficial deals.

Third, due to doubts over China's intrinsic economic problems, some people tend to be pessimistic about the future of China's economy. Even though China's economic development has had problems, the extensive discussions within its political, business and academic communities about the economy have helped the government to resolve some of its economic issues.

China knows that managing its domestic affairs well is the key to gaining success in talks with other countries.

In negotiations where win-win outcomes can be achieved, both sides want something from each other, because failed negotiations will hurt both sides' interests.

Still, the possibility of the US continuing to use trade threats against China cannot be ruled out. But since such threats failed to affect China in the previous round of talks, they are likely to fail in the future talks too. The best way the two sides can meet their respective interests is by using a cooperative approach to resolve the bilateral issues.

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