

China Development Forum 2021

China on a New Journey of Modernisation

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Panel Session VII - Venue I

China-US Economic and Trade Agreements: What's Next?

Moderator

Da Wei, Professor, Department of International Relations, Tsinghua University; Senior Research Fellow, Center for International Strategy and Security, Tsinghua University

Speakers

Yao Yang, Dean, National School of Development, Peking University

Evan Greenberg, Chairman and CEO, Chubb Limited and Chubb Group

Adam Posen, President, Peterson Institute for International Economics

Jia Qingguo, Professor, School of International Studies, Peking University

Susan A. Thornton, Senior Fellow, Yale Law School's Paul Tsai China Center; Former Acting Assistant Secretary for East Asian and Pacific Affairs at the Department of State

Craig Allen, President, US-China Business Council

Ju Jiandong, Unigroup Chair Professor at PBC School of Finance, Tsinghua University; Director, Center for International Finance and Economic Research, Tsinghua National Institute of Finance Research

Key points

China's trade negotiators completed the first phase of the trade agreement negotiations in 2020, as well as negotiations over the Regional Comprehensive Economic Partnership (RCEP) and the China-EU Comprehensive Agreement on Investment (CAI). These agreements, together with the Belt and Road Initiative, will change Asia's economic system.

China is interested in joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which was mentioned by Premier Li Keqiang in the government work report at the opening of the recent Two Sessions. As the standards under CPTPP are obviously higher than those of the WTO, RCEP and CAI, it will be a challenge for China to meet them in the next five years.

As stated by the US Secretary of State, competition, cooperation and conflict between China and the US exist simultaneously. Competition and conflict should not be overemphasised, as this will harm both countries' interests.

In addition to trade and investment, there are many other issues of shared concern between China and the US, such as health, climate change, economic recovery, terrorism and nuclear proliferation. Global solutions to these issues will be out of reach without the two nations' guidance and cooperation.

Synopsis

China and the US are maintaining high tariffs on goods, which will hamper economic and trade exchange. Negotiations on removing existing and new tariffs will be the first step towards a more harmonious bilateral relationship, as tariffs have impacted Chinese manufacturers and US consumers, impairing the interests of both countries.

The problem of technology trade restrictions imposed by the US on China needs to be solved. The US restrictions on China, in particular technology trade restrictions, are violating WTO rules and will impede the development of US companies. Yao Yang suggested negotiations as the first step, including tapping into new rules which might be different from existing WTO rules. If China and the US can reach some consensus, the agreed new rules are likely to lay the foundation for WTO reform.

The US requires China to purchase its agricultural products, with easing up on technology product restrictions in return. Susan A. Thornton said she hoped to see market-oriented synergy rather than managed trade, where the quantity of products to be purchased is determined by officials. Solutions should be able to mitigate security risks and retain the benefits from the economic and trade relationship.

Stability is essential for business development. According to a survey by the US-China Business Council, 83% US companies consider China one of the Top 5 strategic markets across the globe. Meanwhile, many Chinese companies are developing businesses in the US. Evan Greenberg proposed to set an agenda for cooperation on areas of shared interest, starting with a simple trust building agenda to address problems that are potentially solvable, enhance mutual understanding and establish mechanisms to avoid conflicts, and postpone handling major differences that cannot be properly addressed at present. Mutual benefit is vital in trade and investment.

Craig Allen hopes China's ministries and provincial and municipal governments will draw on the CPTPP's rules and standards when drafting 14th Five Year Plan-related

regulations, specifically about labour rights, government procurement, state-owned enterprises, intellectual property rights, subsidies, industrial standards, digital trade and other challenging areas, to ensure the general compliance of China's dual circulation and technology independence with the CPTPP's high standards.

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