

中美贸易战的解读和对泰国的影响
The Trade War Between China & USA:
Interpretations and Scenarios for Thailand

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内容提要 Agenda

1	China's Interpretation & Action 中国的解读和行动
2	The Perspectives of USA 美国的视角
3	Why Trade War Broke Out 贸易战何以打响
4	Two Scenarios 两种结局

A. China's Interpretation & Action

中国的解读和行动

	Strategic	Tactical
Chinese Interpretation	A part of strategy to "Contain China"	A tactic to force China accept more US imports and open to USA investment
Chinese Argument	Thucydides's Trap Competing Ideology & model of development	The impacts of Chinese export The US components of Chinese export
Chinese Action	Tone down "Made in China 2025" and "Chinese Model"	Tariff retaliation
The Weakness of the Interpretation	Why President Trump fight the war on EU, Japan and other allies too instead of building up an united front to contain China	Why President Trumps still fights the war after China made considerable concession on import from USA and open up to foreign investment

The Impacts of Chinese export on US Economy



Economist.com

From 2000-2007 in USA	
Manufacturing employment -800,000	Employment in construction & service +800,000
Purchasing Power +\$260/year/person	

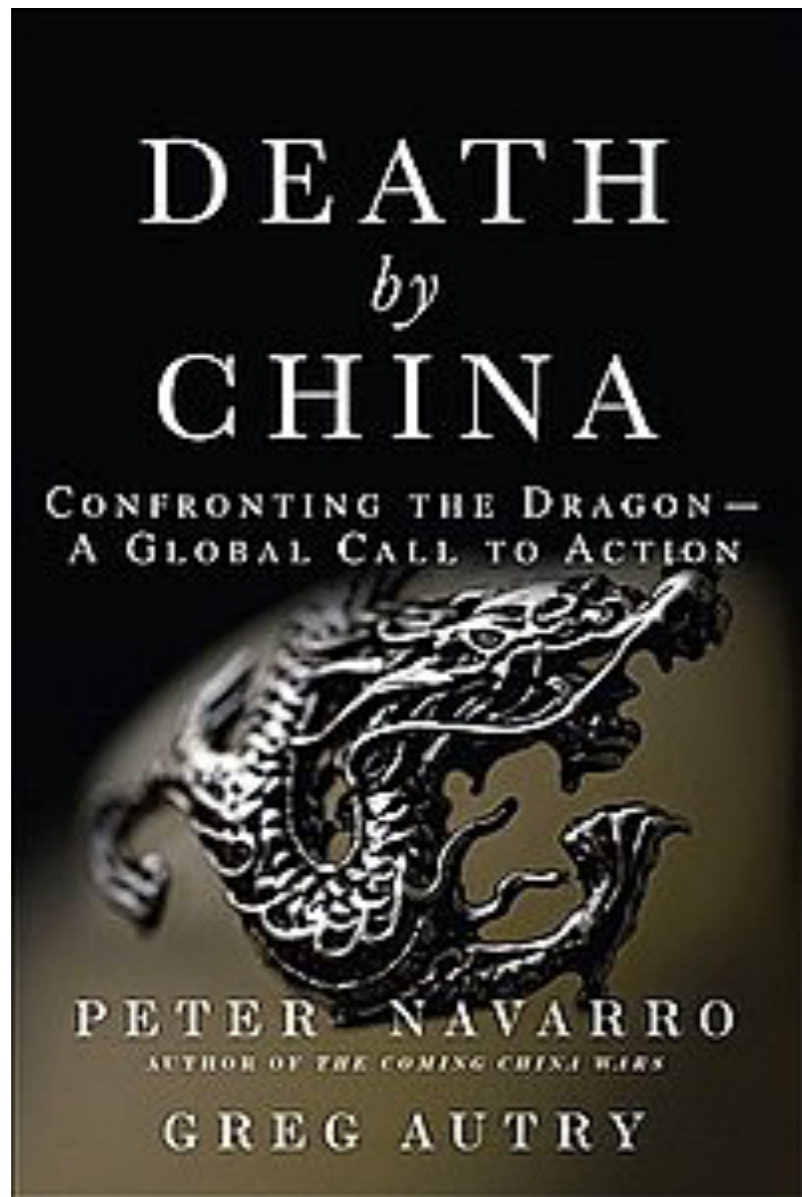
China Shock	
Less US Employment	More US Employment
Competition	Complement
Labor market friction	Labor market reallocation
Lower purchasing power	Higher purchasing power
Lower Chinese imports	Higher Chinese import
Less export by USA firms in China	More export by USA firms in China

Non China Factor	
Less US Employment	More US Employment
Labor saving tech	Labor enabling tech
Global wage disparity	Global wage convergence
Economic contraction	Economic expansion

Why It is Not a Good Idea to “Contain China”

Issue	Conclusion
The “singular point” of technology evolution and challenge to human race	Cooperation & Resource Pooling
The opportunity of globalisation in the world connected with ICT	Cooperation to embrace opportunity
The cost of large scale confrontation between two powers	Confrontation = Lose Lose
Role of State: China’s reform to enhance the role of market USA’s reform to correct market failure	Learning lessons from each other Convergence in the role of state
Democracy & Governance: China’s reform for transparency, civil right & rule of law USA’s reform for effective governance	Learning lessons from each other Convergence in better governance

B. The Perspectives of USA



China's Competitive Edge		
Cheap Wage		40%
Unfair Trade Practices (41%)	Illegal Subsidies	17%
	Currency Manipulation	11%
	Counterfeiting & Piracy	8%
	Lax Health & Safety Regulations	2.5%
	Lax Environmental Regulations	2.5%

Head of the White House Trade Council

Source: Death by China: A Presentation by Peter Navarro

C. Why Trade War

China's Understanding

A tactic of USA to force China accept more US imports and open to USA investment

USA's Demand

A Reform of China's Unfair Trade Practices:
Illegal Subsidies
Currency Manipulation
Counterfeiting & Piracy
Lax Health & Safety Regulations
Lax Environmental Regulations

The Aborted China USA Joint Statement May 19, 2018

China will significantly increase purchases of United States goods and services.

Meaningful increases in United States agriculture and energy exports.

Expand trade in manufactured goods and services

Intellectual property protections

Encourage two-way investment, Fair, level playing field for competition.

Continue to engage at high levels

D.Two Scenarios

Misunderstanding Continues	Right Interpretation
Escalating tariff retaliation Lower global trade volume	USA and China have in-depth negotiation on Unfair Trade Practices with agreed targets and timeline
Companies affected as they used to be a part of the supply chain for the USA or Chinese markets	New system on Subsidies, IP protection Labor protection Environmental protection
Reconfiguration of supply chain in ASEAN and China	China ASEAN FTA moving towards high quality FTA