



# MONTHLY UPDATE ON CHINA

December 2018

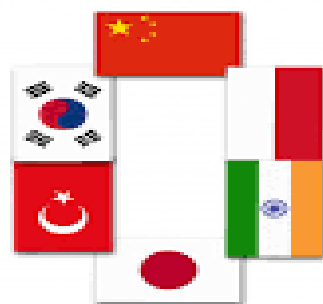




# G 20 Summit and Trade War

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# What is G 20 or Group of Twenty

- ▶ The G20 is a group based on 19 industrialized and developing countries along with EU.
- ▶ Founded in 1999 , for the promotion of international financial stability.
- ▶ G20 members account for over 80% of the world's gross domestic product (GDP) and they host almost two-thirds of the world's population.
- ▶ It expanded its agenda in 2008 amidst the global financial crisis to increase international economic cooperation.
- ▶ Since then, G20 members have been meeting annually to discuss a wide range of issues related to economic and financial cooperation

# G 20 Theme and Declaration

► Its theme was “building consensus for fair and sustainable development” with **4 key priorities**:

- 1. The future of work**
- 2. infrastructure for development**
- 3. a sustainable food future**
- 4. and on gender equality**

# G 20 Updates

- ▶ Multilateralism :
- ▶ The EU was an important advocate of multilateralism and the international **rules-based trade** at the summit.
- ▶ 10th anniversary:
- ▶ The 2018 edition marked the **10th anniversary** of an international forum setup to better coordinate economic and financial policies in response to the global crisis in 2008.
- ▶ Reforms :
- ▶ The summit was also an opportunity to build a **positive trade agenda** and to reconfirm political support among G20 leaders to **reform the World Trade Organization (WTO)** in order to improve its efficiency and functioning.
- ▶ Global challenges:
- ▶ **climate change.**

# Part II: Trade War

## U.S. Trade Deficit With China

The U.S. trade deficit with China was **\$375 billion** in 2017.

Total U.S. imports from China: **\$506 billion**



### Largest U.S. Imports



\$77 billion in computers



\$70 billion in cell phones



\$54 billion in apparel and footwear

Total U.S. exports to China: **\$130 billion**



### Largest U.S. Exports



\$16 billion in commercial aircraft

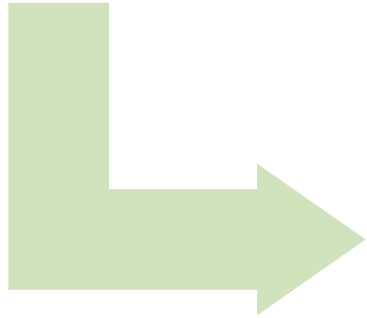


\$12 billion in soybeans



\$10 billion in autos

List 1 totaling \$34 billion worth of imports is composed of 818 tariff lines, and went into effect on 7/6/2018.



List 2 totaling \$16 billion worth of imports is composed of 284 proposed tariff lines identified by the interagency Section 301 Committee, August



List 3 includes a list of tariff lines of products from China with an annual trade value totaling approximately \$200 billion. (review process).



# Tariff Summary

## US and China's tariffs against each other

### US imports from China



▶ Total US tariffs applied exclusively to China: US\$253 billion

▶ Total Chinese tariffs applied exclusively to US: US\$110 billion

# Trade War Truce

*“Both parties agree that they will endeavour to have this transaction completed within the next 90 days. If, at the end of this period of time, the parties are unable to reach an agreement, the 10 percent tariffs will be raised to 25 percent”*



- ▶ Trump and Xi agreed to a 90-day extension on the imposition of additional US tariffs on Chinese imports.
- ▶ This is not a suspension of the trade war but a suspension of the escalation of the trade war.
- ▶ Trump had threatened to increase tariffs from 10% to 25% on an initial batch of Chinese imports from January 1.
- ▶ Trump had also flagged his intention to impose levies on another US\$267 billion worth of imports if progress was not made in resolving broad-based trade differences.

# Chinese Response

- ▶ *“... purchase a not yet agreed upon, but very substantial, amount of agricultural, energy, industrial, and other product from the United States to reduce the trade imbalance between the two countries. China has agreed to start purchasing agricultural product immediately”.*

# Cooperation areas

- ▶ The two sides also agreed to address structural problems in the trading relationship. These extend to five areas -
  1. forced technology transfer,
  2. intellectual property protection
  3. non-tariff barriers
  4. cyber intrusions
  5. and cyber theft

# References

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