



# MONTHLY UPDATE ON CHINA

Report of the 18<sup>th</sup> Monthly Meeting of  
China Study Guide

JULY 2018



## INTRODUCTION TO THE MONTHLY UPDATE

### *Caution for the Reader*

1. The study circle is a monthly get-together to share our collective work in whatever form the work is available as of this morning!
2. Our work remains work in progress and un-finished because we are perpetually on the lookout for new ideas, improvements and revisions. We are always revising our work in light of speakers' own reviews and any feedback from the readers.
3. The study circle is both informal and based on voluntary work. We all learn as well as contribute by way of our understanding.
4. The WhatsApp group is an important spill-over of the study circle. It keeps us mutually engaged between one meeting and the next.
5. As an informal and voluntary group it complements other formal organizations each of who contribute in their own way.

## INTRODUCTION TO THE CHINA STUDY CIRCLE

### *Who are we?*

China study circle is an open forum which brings together people with varying interests in China and its remarkable progress to become the world's next superpower from different spheres of life. The rise in China from a poor, stagnant country to a major economic power within a time span of twenty-eight years is often described by analysts as one of the greatest success stories in these present times and this circle provides a baseline to learn and take guidance from it. China study Circle also provides a platform to students who are passionate about studying China. The Study Circle is both informal and based on voluntary work with mutual learning and understanding process.

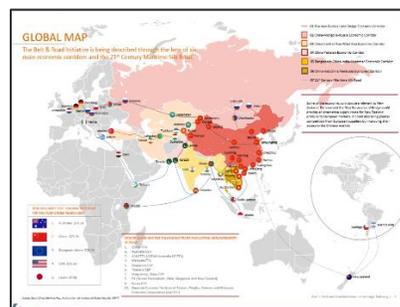
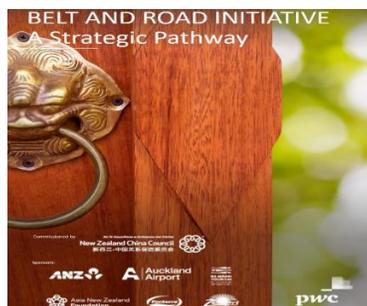
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## MONTHLY UPDATES

### Belt and Road Initiative: Notable Publications and Sources

By: Neelum Javed



This month's update provides a specific insight into New Zealand's relationship with China, as both countries have signed a Memorandum of Arrangement which consists of; expanding trade and investment; furthering cooperation and; supporting the BRI. Furthermore, this report details that the New Zealand China Council hopes that this MOA strengthens not only their 'Connectivity' but also those of the other countries along the Belt Road.

The full document can be accessed on the following link:

[http://gilanifoundation.com/homepage/cpec/18th2.%20Neelum%20Javed-%2018%20Session%20\(Monthly%20Update\).pdf](http://gilanifoundation.com/homepage/cpec/18th2.%20Neelum%20Javed-%2018%20Session%20(Monthly%20Update).pdf)

Since the Circle's inception in December 2016, there has been extensive research on worldwide publications, reports, and their sources on OBOR/BRI compiled into more than 20 voluminous documents. For previous reports presented in this series, follow the link below:

<http://www.gilanifoundation.com/china-study-circle/>

## CPEC-BCIM Updates

*By: Shahzad Qasim*

This presentation discusses the CPEC related developments after the General Elections 2018. This includes launching of remote sensing satellites by China for Pakistan to monitor the progress of CPEC. Furthermore, it talks about how India is missing on an opportunity by turning a blind eye towards CPEC. The report also discusses how Yunnan is once again the pivot of South-East Asia.

To access the full report, follow the link below:

<http://gilanifoundation.com/homepage/cpec/18th3.%20Shahzad%20Qasim-%20CPEC-BCIM%20Updates.pdf>

**HIGHLIGHTS OF THE LATEST MONTH:****US TRADE DATA***By: Tatheer Zahra Sherazi*

## US Trade Data in the Last Five Years:

Exported value in 2013	Exported value in 2014	Exported value in 2015	Exported value in 2016	Exported value in 2017
1,577,587,300	1,619,742,900	1,501,845,864	1,451,010,702	1,546,732,881
Imported value in 2013	Imported value in 2014	Imported value in 2015	Imported value in 2016	Imported value in 2017
2,326,590,200	2,410,855,500	2,313,424,569	2,275,391,150	2,409,480,182
Balance in value in 2013	Balance in value in 2014	Balance in value in 2015	Balance in value in 2016	Balance in value in 2017
-749,002,900	-791,112,600	-811,578,705	-824,380,448	-862,747,301

## Top Five Trades and Trade Balance:

Partners	Balance in value in 2013	Balance in value in 2014	Balance in value in 2015	Balance in value in 2016	Balance in value in 2017	Exported value in 2017	Imported value in 2017
Canada	-36,440,491	-41,800,354	-21,360,257	-21,744,960	-24,710,244	282,471,681	307,181,925
Mexico	-57,063,487	-56,608,669	-63,436,733	-68,381,700	-74,001,950	242,988,663	316,990,613
China	337,386,788	362,620,615	387,956,408	371,840,309	395,818,960	130,369,530	526,188,490
Japan	-76,922,928	-70,677,865	-72,582,550	-72,152,997	-72,164,294	67,695,892	139,860,186
Uk	-6,389,247	-1,508,412	-2,783,731	-1,090,979	2,238,260	56,328,789	54,090,529

To access the full report, follow the link below:

<http://gilanifoundation.com/homepage/cpec/18th4.%20Tatheer%20Sherazi-%20US%20Trade%20Data.pdf>

## US China Trade War Series

By: *Tatheer Zahra Shirazi*

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. (hearing)

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

The three list facing tariffs mostly originate from the China 2025 sectors, whose goal is to see China become a key leader in global industries.

Trump is ready to impose levies on \$500 billion worth of goods from Asian Countries and China has chosen to respond by imposing \$34 billion worth of tariffs against the United States while threatening to add on another \$16 billion worth to that amount.

To access the full report, follow the link below:

<http://gilanifoundation.com/homepage/cpec/18th5.%20Tatheer%20Sherazi-%20Trade%20War%20series%20between%20US%20and%20China.pdf>

## IMF

*By: Tatheer Zahra Shirazi*

A report by IMF economists details the worst case scenarios: The implementation of tariff threats, cutting \$430 billion worth off of global GDP by 2020, increasing trade restrictions, and harming the economy of all countries.

Emerging market economies taking \$14 billion worth of loans has led to central banks raising their interest rates. Flexibility in exchange rates and recognition by Member States of the adverse impact of their technology should be noted. Improvements in safety, education and digital infrastructure need to be made.

The global growth forecast of 3.9% will remain unchanged for this and next year. The EU, UK and Japan will however experience a sharp slowdown.

China's GDP grew by 0.2pc from 2016. Beijing is striving to change financial regulation, reduce overcapacity and combat pollution. The current account surplus of the general government sector fell by 1.4pc in 2017 and can narrow to 0.9pc in 2018. Net capital outflows declined from \$646 billion in 2016 to \$73bn in 2017. Furthermore, the 25pc tariff on \$50 billion worth of Chinese imports would account for just 0.4pc of China's GDP. Further duties on \$200 billion in goods threatened by Trump in early July would translate to 1.7pc.

To access the full report, follow the link below:

<http://gilanifoundation.com/homepage/cpec/18th6.%20Tatheer%20Sherazi-%20IMF.pdf>

## Emergent Discourse on Trade Wars

By: *Tatheer Zahra Sherazi*

The US response has been mostly highly critical, with Think Tanks, Republicans and even higher ups like the Presidential Economic Advisor Gary John resigning and The president of the Federal Reserve of New York William Dudley expressing their concerns and dissatisfaction over the issue.

Furthermore, there are many others who take issue with the decision, most noticeably of which include: Wealthy industrialist brothers Charles and David Koch; Freedom Partners Chamber of Commerce and Americans for Prosperity; Republican Party Members like Nebraska's Senator Ben Sasse described the decision as "dumb"; And the chief executive of the American Chamber of Commerce to the EU, Susan Danger, expressed her view that the tariffs would be damaging both to America and its European allies.

The chief executive of World Bank, Kristalina Georgieva, said Trump should "assess the implications" before engaging in a full on trade war with China.

IMF International Monetary Fund head Christine Lagarde has further added stock to this by stating that "nobody wins" in a trade war, and it simply has a harmful effect on global economic growth.

To access the full report, follow the link below:

<http://gilanifoundation.com/homepage/cpec/18th7.%20Tatheer%20Sherazi-%20%20Emergent%20Discourse.pdf>

## Trade War Analysis

*By: Tatheer Zahra Sherazi*

This report recognizes the importance of the EU for both the US and China as it can balance out the commercial power play between the two countries. Four immediate threats of a trade war would include: Business Investments would be hindered, Global supply chains would be disrupted, the spread of productivity-boosting technologies would be slowed down and finally, the price of consumer goods would be raised.

Furthermore, the Federal Reserve could raise interest rates in a ploy to attract investors. The US economy can be impacted severely and as a result will lead to other regions continuing trading amongst themselves. Currently China is facing a 'new normal' development.

Economic historians agree that the infamous Smoot-Hawley Act of 1930, didn't result in the Great Depression, but it did accentuate it as other countries retaliated with import duties of their own that lessen the trade.

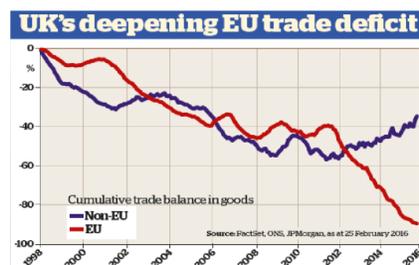
To access the full report, follow the link below:

<http://gilanifoundation.com/homepage/cpec/18th8.%20Tatheer%20Sherazi-%20Trade%20War%20analysis.pdf>

## Trade War between European Union and UK

By: Uzma Siraj

The European Union is an economic and political partnership involving 28 European countries. The UK joined EU in 1973. However, on 29 March 2017, the UK government invoked Article 50 of the Treaty on European Union in order to leave the EU, largely due to financial reasons. Theresa May announced that the UK would not seek permanent membership of the European Union again and a Department for Exiting the European Union, was created in July 2016.



Brexit has resulted in: High tariffs on imports from EU, higher non-tariff barriers on trade, UK possibly not participating in future policies of EU, jobs being affected directly or indirectly. It could also affect FDI, immigration and other economic regulations of UK, The cost of import from EU countries would rise for UK and, living expenses for families may also increase.

The share of UK's exports in goods and services to the EU have been declining as have the EU's share in the world economy. The future of trade now depends on any agreement that the UK and EU can generate, otherwise UK would have to pay tariffs and face other barriers to trade.

To access the full report, follow the link below:

<http://gilanifoundation.com/homepage/cpec/18th9.%20Trade%20War%20Betw%20EU%20&%20UK-%20Uzma%20Siraj.pdf>

## SUMMARY

The 18<sup>th</sup> Monthly session of the China study Circle discussed and evaluated a number of national and international factors regarding the potential of all out trade wars commencing between various countries. A detailed analysis of the ongoing trade dispute between China and the US has been highlighted as well as the many affects it would have for both countries as well as internationally. A detailed description of the history of the UK and EU as well as the reason behind Brexit and its impact was detailed by Uzma Siraj.

## **SPEAKER'S PROFILES**

### **TATHEER SHERAZI**

Ms. Tatheer is currently completing her PhD thesis write up. She has been teaching at international Islamic university and Foundation University since 2008 and is currently working as a Research Associate in a Higher Education Commission (HEC) funded project- Business and Politics in the Globalized World. Her area of expertise is China, particularly focused on South Central China.

### **NEELUM JAVED**

Neelum Javed is pursuing her MPhil in International Relations and is also currently working as a Research Associate in a Higher Education Commission (HEC) funded project- Business and Politics in the Globalized World. Her area of expertise is China, particularly focused on Eastern China.

### **SHAHZAD QASIM**

Shahzad Qasim is a PHD scholar in International Relations and is pursuing his doctorate from IIUI. His thesis title is "Post 9/11 Sino-US-Strategic Competition in South Asia: Analysis of Impact on the Region". He has served in national mainstream media for a long time and is a passive observer of media trends and narratives. Mr. Qasim's area of expertise particularly focuses on China's links with South Asia.

**UZMA SIRAJ**

Uzma Siraj is a PhD Scholar in International Relations and is working as a Research Associate in a Higher Education Commission (HEC) funded project- Business and Politics in the Globalized World. Her area of expertise is China, particularly focused on Northern China.

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