

On US-China Trade Policy: Bring on the Chickens!

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Two weeks ago Secretary of Commerce Ross announced the first deliverables of the 100 day action plan with China. Hopefully, they will not be the last, because they are pretty thin gruel, and — more important, they miss the point. Let's take a look at some of the details.

First, for the third time, the Chinese made their beef concession. This has always been a good thing, but it's getting a bit old, and no beef has yet to benefit from it. This time around there will be a deadline of July 16, so we will see what happens after that. Of course, what we gained in beef, we lost on chickens, agreeing to accept Chinese imports of cooked poultry. This may well be a fair trade-off, particularly if you like steak better than wings, but we should also remember what [Barenaked Ladies](#) said about Chinese chicken.

Second, there were "new" concessions on credit cards, but if you read the announcement carefully, there is nothing new. The Chinese agreed to produce guidance for licensing applications by July 16. This is something they should have produced in 2012 when they lost the WTO case we brought; plus it is something they have already done. We didn't like their guidance, and said so in the Obama administration, but there is nothing in this new announcement about changing it, only about issuing it. More important there is nothing about time limits for approving applications and nothing about China getting its banks in line to work with the American companies. The main 'concession' was a commitment to resume allowing Chinese banks to issue dual brand dual currency cards, but that is something the Chinese permitted until the beginning of this year, so they are merely restoring the *status quo ante*.

Third, they promised timely safety evaluations of the eight long-pending U.S. biotechnology applications, and, to their credit, agreed to a 20 day deadline on issuing certificates for approved products. Left unresolved are timelines for dealing with unapproved applications that have to be resubmitted and for reviewing the new submissions that will inevitably arrive. In other words, they may have taken care of the pending eight, sort of, but they seem not to have established a clear law-based process for handling cases in the future.

There are others, but I am not going to go through the whole list except to note that most of them are accompanied by U.S. concessions in parallel with the Chinese. Normally, we expect that in a trade negotiation — that's how it's done — but the president has raised expectations by promising the good things we are going to get without mentioning the things we will have to give up.

Actually, the fact that these talks seem to be proceeding in a conventional way is reassuring. It is also encouraging that the administration appears to have adopted the time-honored strategy of settling for peanuts (or in this case hamburger) and declaring victory. That provides some comfort to those of us worried about withdrawal from NAFTA or unilateral tariffs against China...Claiming victory

is a far less hazardous path. It is, however, a far cry from Secretary Ross's absurd comment that, "This is more than has been done in the whole history of U.S. China relations on trade." A quick look at their WTO accession agreement negotiated in the Clinton administration will show many more concessions, all of them unilateral.

More important than what was there, however, is what was missing. The U.S. private sector and policy community have been clear about the really important issues in the relationship, commenting in detail on the problems raised by China's forthcoming cybersecurity law, its anti-monopoly law, and the policies embedded in its Made in China 2025 policy document, which is a thinly disguised roadmap for pushing foreign companies out of China. These are all part of a well-planned effort to eventually supplant American global leadership in high technology, which is the foundation of both our economic competitiveness and our national security.

When George Allen coached the Redskins, he famously said, "The future is now." But for the U.S. president, the future is not just today but twenty years from now and fifty years from now. He is our national steward making sure that we are properly equipped to meet future challenges. In this case that means having a comprehensive plan for dealing with China. Part of that inevitably involves domestic policies to sustain and improve our competitiveness, but on trade it means focusing on the important rather than the peripheral. The Chinese won't want to do that, for obvious reasons, but we have to persist if we want ultimately to save ourselves. The rest of the 100 days gives us an opportunity to refocus and do that. We should begin by not exaggerating what has already been accomplished.