

# **BBC World News**

## **US-China Trade War, Negotiations**

### **Robert Lawrence Kuhn, January 31, 2019**



**Host: Let's get more now on those US-China trade talks. The US president said he was confident the two sides could strike the biggest deal ever made — with Mr. Trump suggesting he could soon meet with President Xi Jinping. Well, let's cross over now to New York City, with Dr. Robert Lawrence Kuhn, a longtime advisor to the Chinese government and to multinational corporations who work in China. Welcome to the program. Now we know that a letter has been extended from China, Xi Jinping, essentially inviting the US president, Donald Trump, with the hopes that both sides will be able to meet each other half way to reach an agreement before this March 1st deadline. Do you think that can be done?**



**KUHN: I felt this way for a good while because both President Xi and President Trump need to do this deal, though for very different reasons. President Xi is facing what he calls "substantial risks"—there was just this big meeting with the senior leaders and officials about risk: political risk, financial risk. Xi has made a commitment to the Chinese people to eliminate all extreme poverty in China by 2020 and anti-pollution is also one of his prime themes.**



**KUHN: So, Xi does not need a trade war, which could get even worse with 25 percent tariffs and perhaps on even more Chinese goods. President Trump, of course, looks at the stock market as a bellwether of success. He's going into an election cycle. He has many domestic issues and personal issues that he's dealing with and he needs a so-called "win" on China.**



**KUHN: So, there's great pressure on both presidents to get a deal done. That said, the people around Trump are not going to let a deal get done unless it really addresses fundamental issues. And there are really five issues that, from an American point of view, need to get done. Opening markets; intellectual property protection; dealing with cyber-espionage, cyber-theft; forced technology transfer in joint ventures; and Chinese subsidies to new technologies and state-owned companies. China is making substantial progress in a few of these, but more needs to be done.**



**Host: More needs to be done. And in fact, you had that long list of requirements there. President Trump has said he actually welcomes China's moves to buy lots more US products. For instance, some 5 million tons of soybeans. But, as you mentioned, those fundamental areas, technology transfers, industrial subsidies, they're the real crux of the matter. And do you think the Chinese will make these concessions?**



**KUHN: First of all, the soybeans buying; for the farmers, that's all great. But economists realize that that just makes good headlines. That's not really substantive. That doesn't really help America in the long run. We need some more fundamental aspects.**

**But if we look at those five areas, China is making progress on some of them anyway, and they need to do it for their own economy. I've spoken to senior economists in China, and senior leaders — they don't say this publicly, but they say privately, many of the things, not all, many of the things the US is demanding are things that they want to do in their own country for their own benefit.**



**KUHN: So, there's a kind of an irony here that what is good for the US in the short term, intellectual property protection, reduction of subsidies, a building up of more competitiveness through open markets, is actually, in the long term, better for China.**



**Host: Indeed. And all of this comes against that backdrop of tensions over Chinese companies like Huawei, for instance. But that's all we have time for. Thank you, Dr. Robert Lawrence Kuhn.**

