

Business

# Extent of US-China trade fight depends on Trump's goals

## Trump's end game is still unclear after trade curbs

WASHINGTON: How bad will the US-China trade fight get? That depends on whether President Donald Trump will settle for a reduction in China's US trade surplus or hold out for sweeping changes to China's industrial policies. After Trump's announcement on Thursday that he will impose tariffs on up to \$60 billion worth of Chinese goods and impose investment restrictions on Beijing, it is far from clear what Trump's end game is, trade experts say.

Trump repeated on Thursday that he wants a \$100 billion reduction in China's trade surplus, while his top trade negotiator, Robert Lighthizer, said fundamental changes that allow US companies to keep their technological edge over Chinese competitors were critical to the future of the US economy.

A deal for the latter will not come in the next 45 days before the yet-to-be published US tariff list becomes effective. "It's not clear what the Trump administration's bottom line is," said Scott Kennedy, the head of China studies at the Center for Strategic and International Studies in Washington.

"We know what the Chinese bottom line is. They won't do anything to relent on their industrial policy system. They won't clip the wings of China Inc," he said.

Kennedy said a deal to cut China's \$375 billion US goods trade surplus by \$100 billion is far easier to achieve with additional purchases of US soybeans, beef, liquefied natural gas, Boeing aircraft and other equipment. But fundamental changes such as joint venture requirements that often cannot be negotiated without technology transfers and industrial policies aimed at acquiring and investing in more US technology firms will not come without significant protracted pressure on China - and economic pain for the United States.

"The Chinese will want to throw us a few bones and otherwise go back to the status quo. If you're talking about actually changing Chinese behavior, it's a long, painful process," said Derek Scissors, a China trade expert at the American Enterprise Institute in Washington.

It also would take a lot more than tariffs on \$60 billion worth of exports from China to inflict significant pain on the government, Scissors said. China's goods exports to the United States rose by \$43 billion in 2017 alone. And the US demand for Chinese goods is expected to

increase in the next few years as U.S. tax cuts boost growth and increase federal borrowing. So far, China's response to Trump's announcement has been muted. The Ministry of Commerce announced additional duties on up to \$3 billion of imports from the United States, including fruit, nuts, pork, wine and seamless steel pipe. But these are technically responses to U.S. global steel and aluminum tariffs, not the Trump administration's anti-China tariffs over intellectual property practices.

China's ambassador to the United States, Cui Tiankai, declined to rule out cutting purchases of U.S. Treasury debt in the dispute, telling Bloomberg Television on Friday: "We are looking at all options."

China owned \$1.17 trillion in Treasuries at the end of January, compared with \$14.8 trillion in total US public debt, according to US Treasury data. China has also hinted at cutting imports of US soybeans, which totaled \$12.4 billion in 2018 - the second largest US export to China after commercial aircraft. But Beijing is likely waiting for Trump's final tariff list before it responds more fully. The list is expected to be published within two weeks,



NEW YORK: The Sunlands Online Education banner and the Chinese flag hang in front of the New York Stock Exchange (NYSE) during the Beijing-based firms IPO on Friday in New York City. Despite yesterday's massive loss due to trade war fears with China, the Dow started the day up over 70 points. — AFP

then subject to a 30-day comment period and potential revisions by the US Trade Representative's office after that period ends. A tit-for-tat escalation of trade retaliation, coupled with Trump's desire to "look tough on

China" will make it harder for the two sides to settle their differences, said Eswar Prasad, a professor of trade policy at Cornell University and a former head of the International Monetary Fund's China department. — Reuters

# Citybus launches a new fleet of double decker buses



Citybus Vice Chairman and CEO Nabil Al-Jeraisy

KUWAIT: Citybus launches a new fleet of double decker buses as part of its commitment to upgrade and improve the quality of public transport in Kuwait.

Nabil Al-Jeraisy, Vice Chairman and CEO, stated that Citybus is committed to providing world class public transportation services to its customers in Kuwait in cooperation with the Traffic Department Authority and actively contribute in the reduction of traffic congestion and support the environmental protection agenda.

He further added that these double decker buses carry almost double the number of passengers that a single decker bus carries, this enables us to meet demand requirements on major corridors whilst reducing the number of buses and emissions emitted. We are committed to working in partnership with the authorities to support and encourage a cleaner, greener and safer environment.



**We drive. You arrive.**

**Pool Rides**

Share your ride and enjoy a simple, quick, affordable & stress-free way to get to your destination in a safe, reliable and secure manner.

**Schedule Rides**

Schedule a ride at your preferred time with your family, friends or colleagues and ensure a timely pickup & arrival at your destination.

**Rentals**

Choose the vehicle you like to rent at your preferred time slots & get all your tasks done seamlessly without being distracted by the worry of multiple bookings or searching for a cab.

**Delivery Services**

We partner to deliver flexible solutions which improve service levels at reduced cost. Citydelivery is revolutionising how to help you efficiently manage your deliveries, making the last mile delivery experience a special one.

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