

U.S. Economic Policy Towards PRC: from Obama to Trump

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Abstract-This article analyzes the American's Trade Policy Agenda of the last 7 years. Content analysis was used. This was carried out in order to establish the major goals of the U.S. foreign economic policy towards China. The reasons of changing relations between the U.S. and China after the new American President came to power were established.

Keywords-trade war, China and the United States, economic relations

I. INTRODUCTION

Since January 2018 economic relations between the US and China are coming closer and closer to active "trade war". Some experts claim that the war has already begun. Others say that it is just an economic "skirmish" between two states, which has no continuation. Anyway, tariffs and economic sanctions have already been imposed on both sides. It is still unknown when it will end and what world community awaits in future.

In order to understand the causes of economic conflict, it is necessary to determine which goals the US government pursued, and what was before sanctions. It is expected that the trade policy of the United States, drawn up by the American government every year, would be useful, because it is the most reliable reflection of the state's foreign economic course.

II. MATERIALS AND METHODS (MODEL)

The theoretical bases of the study were the works of foreign and Russian scientists on: international relations; foreign policy; export and import etc.

The information-empirical bases of the study were content analysis of U.S. Trade Policy agenda since 2009 to 2018. The methodological basis of the study consisted of techniques of logical, economic, statistical and structural-functional methods. For practical analysis, a dynamic approach was used.

The methodological basis of the study consisted of techniques of logical, economic, statistical and structural-functional methods. For practical analysis, a dynamic approach, tabular, graphical methods were used. Induction and deduction, comparative methods, etc. were used.

III. RESULTS AND DISCUSSION

"Trade policy agenda" [1] by American President Barack Obama in 2009 was the first document containing

foreign economic goals since the new President came to power. It highlights several areas of cooperation with China that are of greatest concern to the American governance (an intellectual property rights; industrial policy; trade rights and distribution of services, etc.). For almost 10 years, there were no fundamental changes. Let's analyze each of them separately:

- Intellectual Property Rights

By joining the WTO, China has created a number of satisfactory laws and regulations aimed at protecting the intellectual property rights of national and foreign rights holders, as required by the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPS Agreement). However, some important reforms are still needed in a several areas, such as measures for copyright protection on the Internet and correction of continuing deficiencies in China's criminal measures, as the US consider.

Moreover, effective enforcement of China's IPR laws and regulations still are a serious problem. Although repeated anti-piracy actions in China and an increasing number of civil IPR cases in Chinese courts, infringement of intellectual property rights and piracy remain at impermissibly high levels and continue to cause heavy damage to U.S. businesses in a number of economy sectors. U.S. industry estimates that piracy levels in China across most lines of copyright products, except business software, ranged between 90 percent and 95 percent based on data for 2007, while business software piracy rates were approximately 80 percent.

In General, for the United States hacker attacks are a sore subject. In recent years, there are more and more news about the leakage of any important information, hacking sites, disclosure of secret documents.

- Industrial Policies

The U.S. is dissatisfied with China's protectionist policies, its export taxes, duties, and similar measures on certain types of imported goods, as well as with state support for its national enterprises, which gives them an advantage in competition with foreign ones.

As we can see both States began to impose the restrictions against each other long before the "trade war" 2018. So, during autumn of 2009, Obama imposed a duty

of 35% on Chinese tires, because he thought that China's active trade can damage to American companies. [2] In response, Chinese government has imposed anti-dumping and anti-subsidy tariffs of 22% on imports of sports S.U.V.'s, as well as medium and large vehicles from the United States. [3]

However, the introduced tariffs did not affect the total value – in 2009 it amounted to 365.98 billion U.S. dollars, in 2010 - \$ 456, 82 billion U.S. dollars. [4]

- Trading Rights and Distribution Services

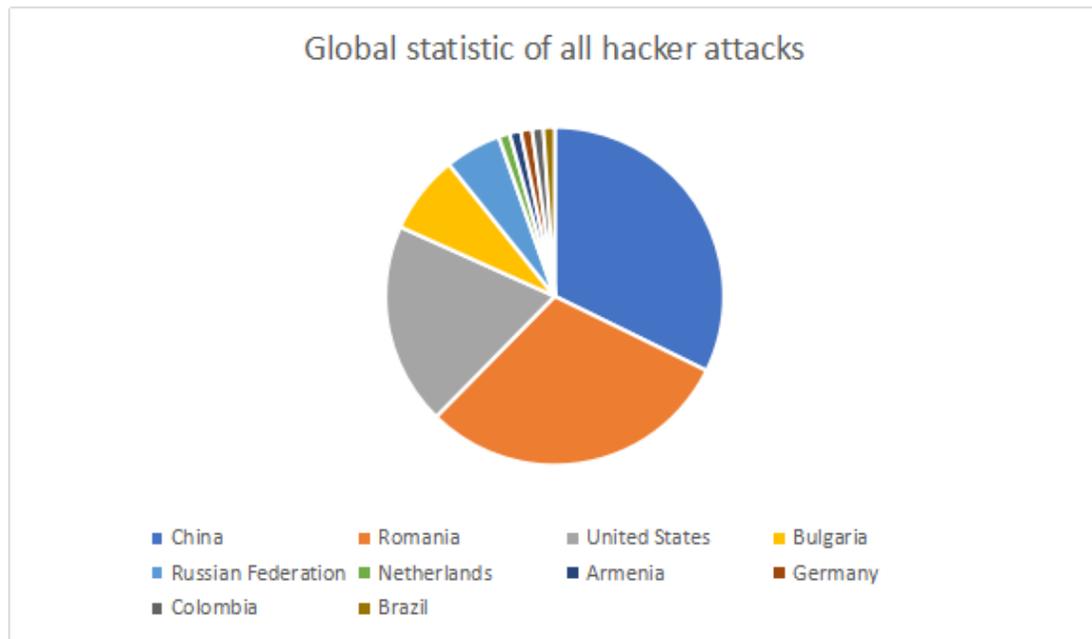
A number of U.S. companies believe that China's obligations to fully liberalize trading rights (the import and export rights) and distribution services (wholesale, retail, direct selling and franchising services) are seriously significant. While Chinese government has realized these obligations in most sectors, enabling many U.S. companies to import and export goods directly without using middlemen and to base their own distribution networks in China, some serious disagreements still remain. For example, China has refused to eliminate restrictions on the import and distribution of goods such as books, newspapers, magazines, DVDs and music, in clear contradiction to China's obligations with regard to trade rights and the distribution of services.

At this point, the U.S. administration, "wearing the mask" of a zealous guardian of laws and world orders, creates the appearance of deep concern about how fully China complies with its trade obligations to the WTO. In their opinion, the Chinese government ignores the obligations. That's why they should be pushed to implement it. There is no active hostility, however, there is a clear desire to control China and receive greater benefits from trade.

In the President's Trade Agenda 2012 there is an improvement in relations. President Obama has stated that the United States "[welcomes] the peaceful rise of China. It is in America's interests to see China succeed in lifting hundreds of millions of people out of poverty." [5] The emphasis is placed on cooperation in various fields and active development of relations.

However, as to US point of view, old problems are still exist, such as "China's non-compliance with its obligations to the WTO", as well as "attacks of American intellectual property from China".

The Chinese government actively denies the U.S. accusations. However, global statistics for 2013 show the opposite. 30% of all hacker attacks were committed from the PRC territory. Basically, they were aimed on a secret information of the financial field or an espionage. [6] (refer with: Chart 1)



Obama's Trade Policy in 2016 contains an even greater list of disputes with China than previous documents. Especially the U.S. dislike China's broad subsidy programs aimed at local producers, and some new taxes levied on the U.S. producers trading in China. The document stressed

that President Obama is sought to active U.S. engagement with China that focuses on providing American businesses with an equal competition conditions on Chinese large and growing market.[7]

In this document we could see China in two chapters: in the paragraph about strengthening the partnership in the "Asia and Oceania" section and in a separate chapter devoted to the defense of American rights in trade with China. The last one identifies trade restrictions imposed by both states against each other since 2009.

The new American President began a more active restriction policy towards China. He repeatedly pledged to label Beijing a "currency manipulator" on his first day in office, during an election campaign when he also accused the Asian powerhouse of "raping" the US. Mr. Trump derided climate change as a hoax concocted by China and also pledged to correct the trade deficit with China.[8] According to his promises, it was expected that on March 1, the USTR released the President's Trade Agenda 2017, which major priorities is:

- protection of U.S. national sovereignty through trade policy;
- enforcement of U.S. trade laws;
- use all permissible sources of influence to stimulate other countries to open their markets to U.S. exports, and provide sufficient and successful protection and enforcement of U.S. intellectual property rights;
- negotiate better trade agreements with countries in key markets around the world.[9]

As for China, Trump Administration plans to achieve two goals: to eliminate market restrictions which harm American exporters and investors in China; and to strengthen protection against China's unfair trade in the U.S. market. It is interesting that in this document China is blamed for reducing the U.S. production rate: "During 16 years before China joined the WTO – from 1984 to 2000 – U.S. industrial production grew by almost 71 percent. During period from 2000 to 2016, U.S. industrial production grew by less than 9 percent."

IV. CONCLUSION

Thus, the U.S. Administration mainly tried to obtain better trade conditions from China for US companies. In their opinion, China should not develop its own production in a number of industries, and rely only on the U.S. products. It was not surprising that there were some restrictive measures from China and attempts to support its own business. This all caused the tough responses of the U.S. Administration and led to the conflict of interests.

Tariffs and restrictions, which were being imposed by both states long before the beginning of the conflict, had not such a scale. The Obama's Administration pursued a less aggressive policy and imposed restrictions only in few unimportant spheres. Relations between China and the United States developed quite calmly. There were a few conflicts, but they did not have a significant influence on other countries. The new President began actively defend the state interests by introducing tariffs in several important

sectors. After Mr. Trump came to power, there were strong changes in states relations.

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