# Trump creating trouble for US firms

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Editor's note: China has urged World Trade Organization members to uphold the multilateral trading system, and oppose the use of Section 301 of the Trade Act of 1974 by the United States as it severely violates WTO rules. Three experts share their views with China Daily on the developments and consequences of the Donald Trump administration's protectionist moves. Excerpts follow:


*Su Qingyi, an associate researcher at the Chinese Academy of Social Sciences*

**The trade conflict may be protracted**

Generally speaking, how international trade would develop, now that China has been forced to take up the gauntlet thrown down by the Trump administration, mainly depends on the US. Once the US ceases fire and returns to the negotiating table, China would be more than happy to hold talks with it. With successful and fruitful negotiations, the ongoing trade conflict would be resolved. But if the US refuses to resolve the issue through dialogues, the trade conflict would most likely prolong to the agony of both sides.

Yet even dialogues and negotiations may not yield positive results, because the Trump administration's demands which are purportedly centered on trade balance and market reform are nearly impossible for China to meet.

In the future, China and the US are likely to encounter more skirmishes in trade and other areas. So the Chinese government should be prepared to deal with a worsening situation, because the US may lure or coerce its allies into imposing more trade restrictions on China as the Trump administration has vowed to exert concerted pressure on China with its allies.

**A trade war will hurt US business interests**

*Zhang Zhiwei, chief economist at Deutsche Bank Research*

General Motors sold more cars in China than in the US last year, and there are 310 million active iPhones in China, more than twice the number in the US. These cars and phones did not show up as US exports to China, as they were made and sold in China. This shows US business interests in China are much wider than what the trade data show. If a trade war does break out, these US interests would be put at risk.

Data from the US Bureau of Economic Analysis show that both the US' trade balance and the balance in aggregate sales (total sales of companies in each other's country) with China widened before 2009, but a different trend has been seen since then. Although the trade balance has continued to widen, the aggregate sales balance has declined by a large margin.

According to the BEA data, China accounted for one-third of the incremental sales by US subsidiaries globally between 2010 and 2015. Company-level data show US companies' sales in China continued to outpace their global sales in 2016 and 2017. So, even if the imbalance between China and the US is large, it has been undergoing correction over the past decade, with US and Chinese companies now benefiting equally from each others'market. Each side has a lot to lose from a trade war, and the most damaging reaction from Beijing could restrict US business interests in China.

*Hussein Sayed, chief market strategist at ForexTime*

**Markets on high alert amid trade concerns**

Financial markets remain on high alert with the US-China trade conflict providing the needed incentive for bears to take control of financial markets. The US equities sell-off on March 23, a day after Trump announced plans to impose tariffs of up to $60 billion on Chinese imports, was ugly.

Although it is still unclear whether the two sides are headed toward a massive trade war, I believe Trump is using his "art of the deal" to get better trade deals while China is following Sun Tzu's philosophy to "win a war with no battle".

US Treasury Secretary Steven Mnuchin said over the weekend that he is cautiously optimistic that an agreement would be reached between the US and China, which would likely calm the markets. But the longer the "wait and see" lasts, the more pressure will be felt on the equities market. After all, many companies will need to adjust their expansion and capital spending plans according to the new developments, which could affect investors' confidence and risk global economic growth.