

## **Topic: US-China Trade Relations – New Framework for Relations**

The outdated American framework of thinking of countries as either adversaries or alliance partners no longer fits, especially in the case of China. The stakes for the world are higher than ever before, therefore “we need to craft a new framework that works for today’s world, not the world of the past” (Paulson 2018).

It wasn’t so long ago that the two nations were working together to ensure the world functioned properly, including the Paris Agreement on climate change, the Iran nuclear deal, and the six-party talks on denuclearizing the Korean Peninsula. Further in the past, the two nations even worked together to contain the Soviet Union. It is difficult to imagine that, after just a few years, one change of government would lead to the current state of friction — with “decoupling” of the two economies becoming a major topic among Washington elites, while the FBI and national security agencies are considering restrictions on university and immigration policies to keep Chinese students from studying science and engineering in the United States.

China and the United States are two nations with very different ideologies, demographics, social structures, economic development patterns, and power projections based on very distinct global outlooks. It is inevitable that they would need to address clashes in viewpoints with more intensity and deliberation. The outcome could lead to either conflict or partnership between two distinctive development models. Contemplating conflict may ultimately lead to war, with the current trade war only a reminder of a much graver situation. Maneuvering the differences toward partnership would ultimately require intelligent people, and it would lead to a peaceful resolution given time.

It is important to properly define the differences we are confronted with, and identify ways to resolve them, so that this world can be more harmonious. President Trump and President Xi have taken a great step forward at the G20 in Buenos Aires, when they agreed to resolve differences between the two countries through dialogue. They also interrupted any further escalation of trade tariffs in order to give negotiations an opportunity to work out. The current trade war between the two largest economies has already damaged the growth dynamics in the world. It is crucial that they manage to contain their economic differences and prevent the world from moving toward another recession.

Adapted from:

Paulson, H. M. Jr. (2018) “Remarks by Henry M. Paulson, Jr., on the United States and China at a Crossroads,” Singapore, November 7. [www.paulsoninstitute.org/news/2018/11/06/statement-by-henry-m-paulson-jr-on-the-united-states-and-china-at-a-crossroads](http://www.paulsoninstitute.org/news/2018/11/06/statement-by-henry-m-paulson-jr-on-the-united-states-and-china-at-a-crossroads).