

In trade stances toward China, Clinton and Trump both signal a chill

By Keith Bradsher

June 29, 2016 – *The New York Times*

For Asia, the bad news this week was not that Donald J. Trump detailed a seven-point plan to toughen American trade policy, especially toward China. It was that Hillary Clinton's campaign accused Mr. Trump a few hours later of purloining her ideas, noting that she favored similar action on those issues.

A strong dose of economic populism, with an occasional sprinkling of geopolitics, has suffused the trade plans of the leading American presidential candidates this year. Vying for votes, Mr. Trump and Mrs. Clinton are each promising to do more to preserve American jobs at a time of slowing global economic growth. And China — with its vast trade, rising international influence and authoritarian government — is a natural target.

Presidential candidates vow every four years to do more to help American workers facing competition from abroad. After taking office, they have consistently pursued more conciliatory trade policies toward China, seeing a strategic benefit to warm relations with Beijing.

But broad political distress this year over the loss of well-paid working class jobs to global competition, coupled with mounting concern about China's increasingly assertive military posture, suggest that the next president could actually follow through on the pledges. If they do, the policies could pose a real predicament for China, and for other Asian countries that depend on its economy.

Millions of jobs in China and across the region require the continued willingness of the United States to rely overwhelmingly on imports to supply American families with everything from the clothes they wear to the smartphones they carry.

Rapid economic growth in China and the development of a strong consumer market had seemed to reduce the country's need for huge exports to the American market. But China's economy has recently slowed, hurting domestic players from small exporters to large steel makers.

Weaker growth at home has made it all the more important for China to maintain a large trade surplus with the United States, selling more to consumers and businesses there than it buys. For years, China has exported four times as much to the United States as it imports, and it continues to do so.

“If there are tougher trade policies from the United States,” said Shen Jianguang, an economist at Mizuho Securities Asia, “that will dampen Chinese exports.”

The candidates plan to take direct aim at the two countries' trade gap.

They want to label China as a currency manipulator that undervalues the renminbi to help its exporters win sales in overseas markets. They want to file more trade cases against China and impose more tariffs. They want to investigate how the Chinese government subsidizes businesses. They also want to rethink big trade deals.

Mr. Trump wants to scrap the Trans-Pacific Partnership, a free-trade agreement between the United States and a group of countries, mostly in Asia. Mrs. Clinton's campaign took a subtly different position, saying that she opposed the agreement in its current form.

The Asian countries involved in the trade pact, notably Vietnam and Japan, made significant concessions to American negotiators because they felt threatened by China's rise. Now, the

presidential candidates are lumping them together with China, holding them responsible for killing American jobs.

With few exceptions, Chinese officials have tried to steer clear of commenting on the American candidates. Even Chinese academics, the usual pipeline to Beijing's thinking, have been wary of doing so, to avoid being accused of violating China's policy of not interfering publicly in other countries' politics. To the extent that Chinese experts say anything, it is to express hope that this year's talk of getting tough on trade will not be a harbinger of policy shifts ahead.

"There is no big difference from previous presidential campaigns, only more emphasis, due to the poor world trade performances" and weak global economic prospects, said He Weiwen, a co-director of the China-U.S.-E.U. Study Center at the China Association of International Trade in Beijing.

The uncertainty for China, and much of Asia, is whether the candidates will sing the same trade tunes once in office. Mr. Trump's confrontational approach would seem to indicate some follow-through. Mrs. Clinton seems less likely to change American policies, given that she supported President Obama's free trade efforts during his first term of office, when she was secretary of state.

Former Presidents Bill Clinton and George W. Bush, and Mr. Obama, at least initially, all tried to help China become more involved in the world economy. They hoped that more enmeshed trade and financial relationships would mean a more democratic China with closer diplomatic ties to the West.

It seemed to work for a while. But in the last three years, China, under President Xi Jinping, has shifted toward more authoritarian rule.

China has embarked on a wide-ranging military buildup, constructed artificial islands with military-grade runways in the South China Sea and challenged Japan's control of a cluster of

islands north of Taiwan. And a combination of strict censorship and comprehensive propaganda has fanned the already strong nationalism of the Chinese public.

Those geopolitics have left American policy makers with two choices, neither of them appetizing. Further trade with China and additional investments there by Western multinationals could strengthen the Chinese economy and help Beijing afford even more ambitious territorial and military policies. Discouraging trade and investment could cause lower economic growth that might slow China's military rise but also might feed anti-Western sentiment and foster public demands for more assertive foreign policy.

If the candidates' ideas became policy, China would almost certainly retaliate in some fashion. American exports, while sharply smaller than those China sends in the other direction, are a potential focus. Beijing has proved especially adept in the past at targeting American exports from swing states in presidential elections and closely fought congressional districts, maximizing its leverage in the political process even if the economic effects were limited.

The biggest immediate casualty of tougher trade policies could be the Obama administration's effort to strengthen relations with countries like Japan, Singapore and Vietnam as a way to balance China's growing muscle in East Asia. The economic centerpiece of the administration's so-called pivot to Asia has been the negotiation of the Trans-Pacific Partnership. That agreement calls for dismantling barriers to American trade with many of the countries that find themselves increasingly uneasy about China's growing dominance.

Mr. Trump denounced the pact again on Tuesday, saying that it would force American workers to compete with low-paid Vietnamese workers. Mrs. Clinton, after supporting the early negotiations as secretary of state, has

come out against the pact since the fall, saying that the deal does not go far enough to address issues like currency manipulation.

Yet canceling the trade pact could actually cause more problems, by pushing American allies in the region into China's arms and

preventing American companies from developing in emerging Asian markets.

"If America kills the T.P.P.," said Kishore Mahbubani, the dean of the Lee Kuan Yew School of Public Policy in Singapore, "then China becomes the main center of economic gravity."