

The China-U.S. Trade War and Future Economic Relations

Lawrence J. Lau 劉遵義

Ralph and Claire Landau Professor of Economics, The Chinese Univ. of Hong Kong
and

Kwoh-Ting Li Professor in Economic Development, Emeritus, Stanford University

High Table Dinner

Harmonia College, The Chinese University of Hong Kong (Shenzhen)

Shenzhen, 27 November 2019

Tel: +852 3943 1611; Fax: +852 2603 5230

Email: lawrence@lawrencejlau.hk; WebPages: www.igef.cuhk.edu.hk/ljl

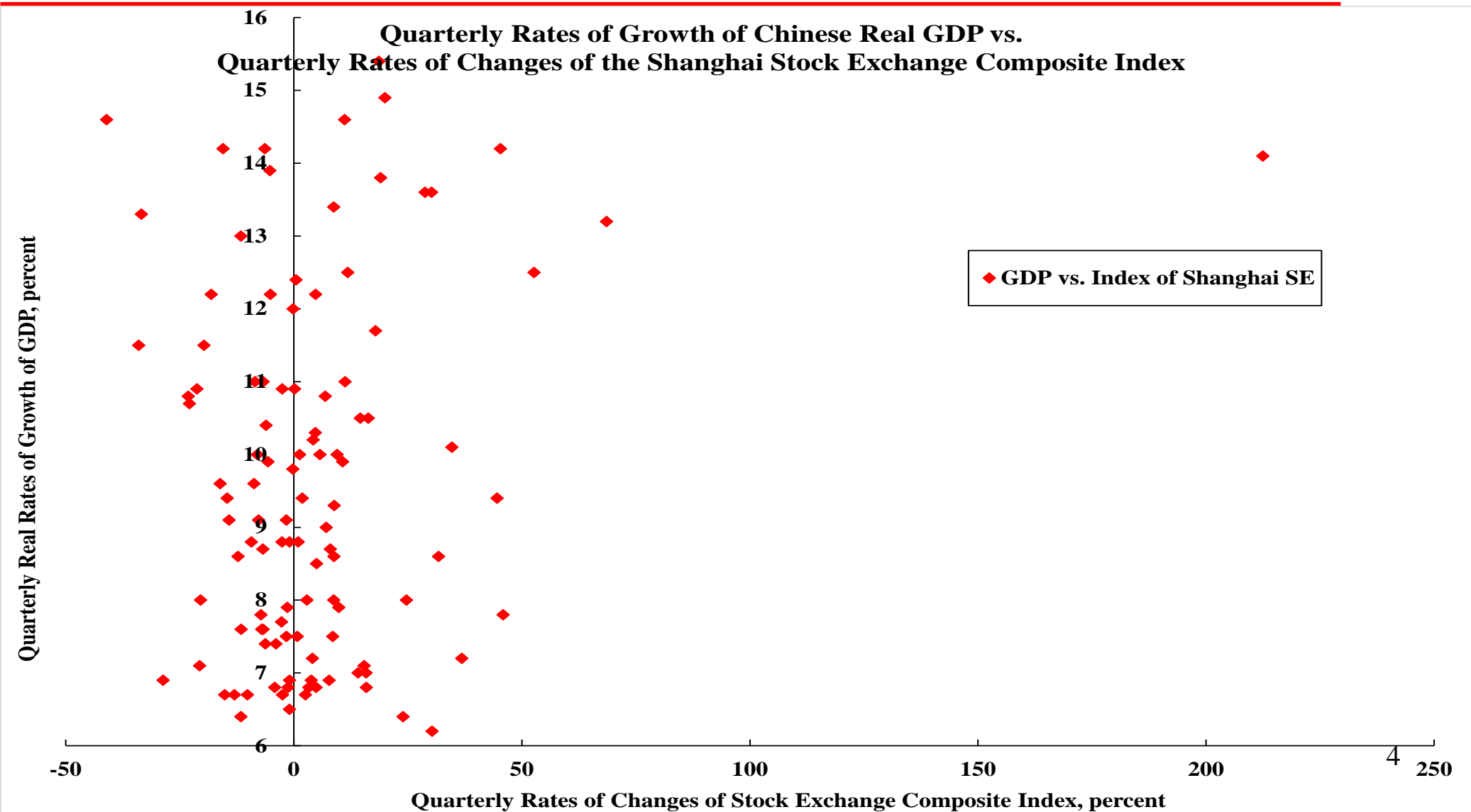
*All opinions expressed herein are the author's own and do not necessarily reflect the views of any of the organisations with which the author is affiliated.

The Different Measurements of the Bilateral Trade Balance: A Summary

Summary of Different Measurements of the China-U.S. Trade Balance

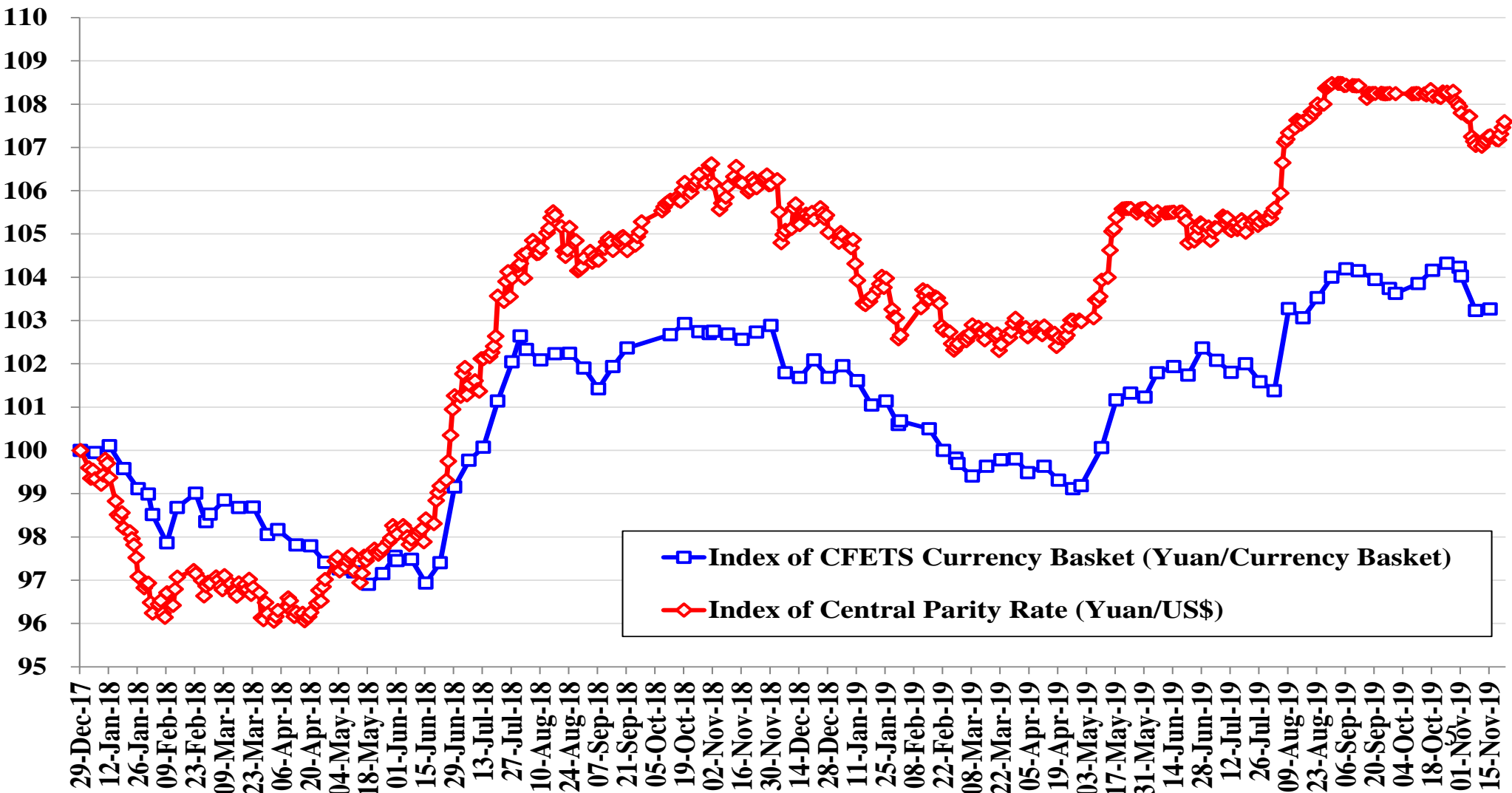
Measurement	Official Chinese Estimates	Our Estimates	Official U.S. Estimates
Goods Only (FOB-CIF)	323.3		419.6
Goods Only FOB		356.4	
Goods and Services	268.4		380.8
Goods, including Re-Exports, FOB		350.9	
Goods, including Re-Exports, FOB, and Services (U.S. Data)		312.1	
Goods, including Re-Exports, FOB, and Services (Imports)		276.0	

The Quarterly Rates of Growth of Chinese Real GDP versus the Chinese Stock Price Index

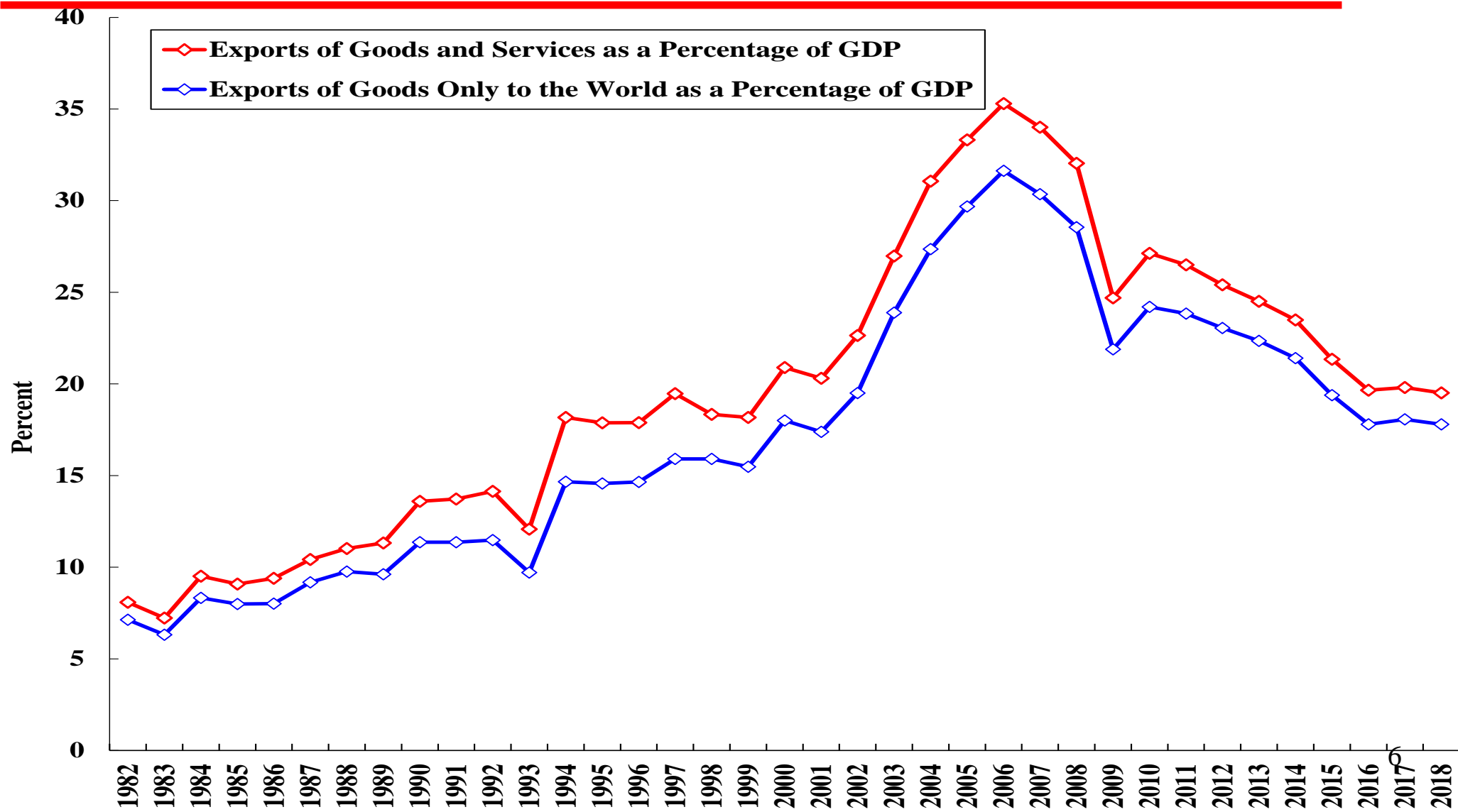


The RMB Central Parity Exchange Rate and the CFETS Index, 29/12/2017 to the Present

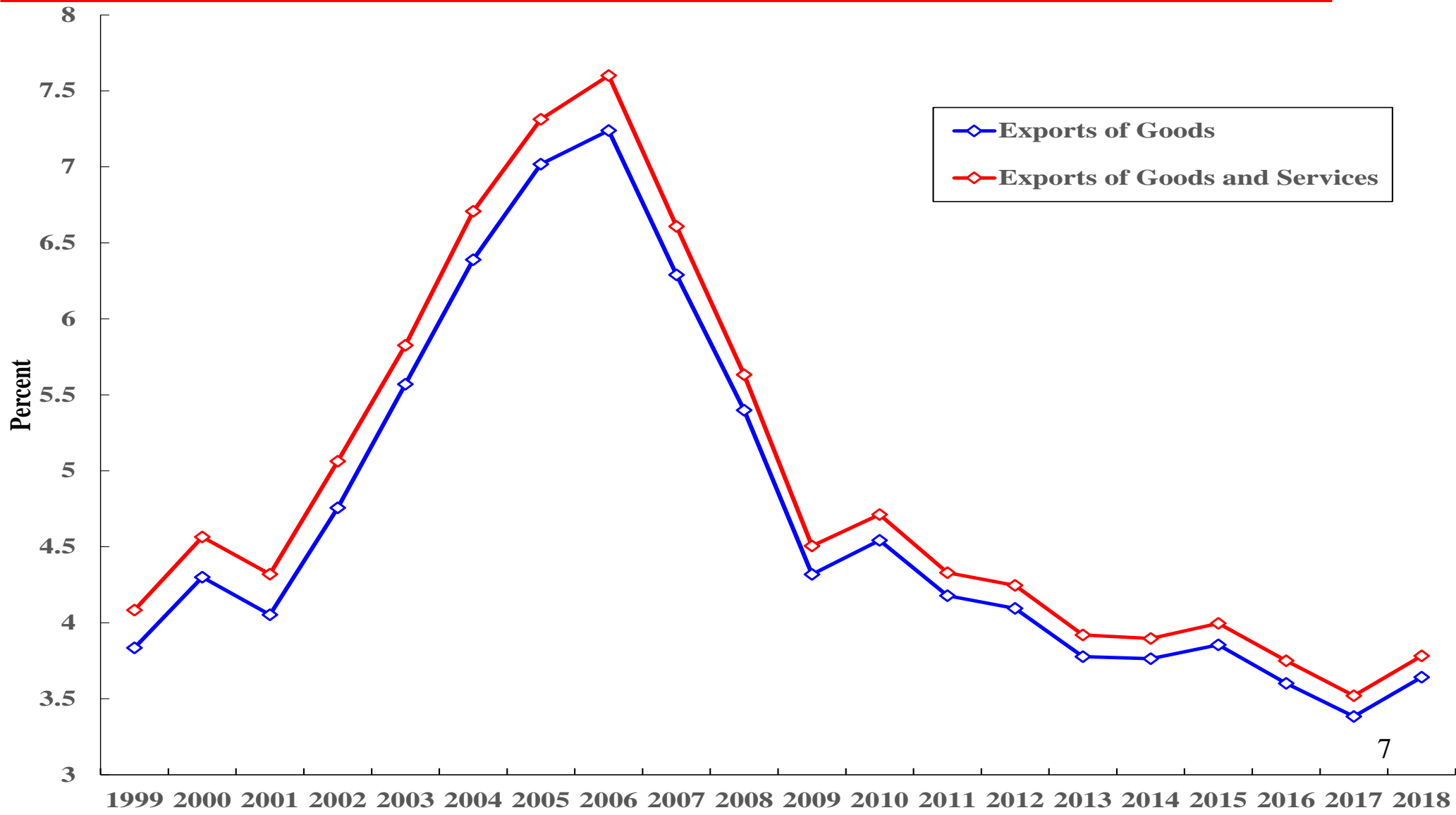
The Central Parity Rate and the CFETS Index, 29 Dec. 2017 = 100



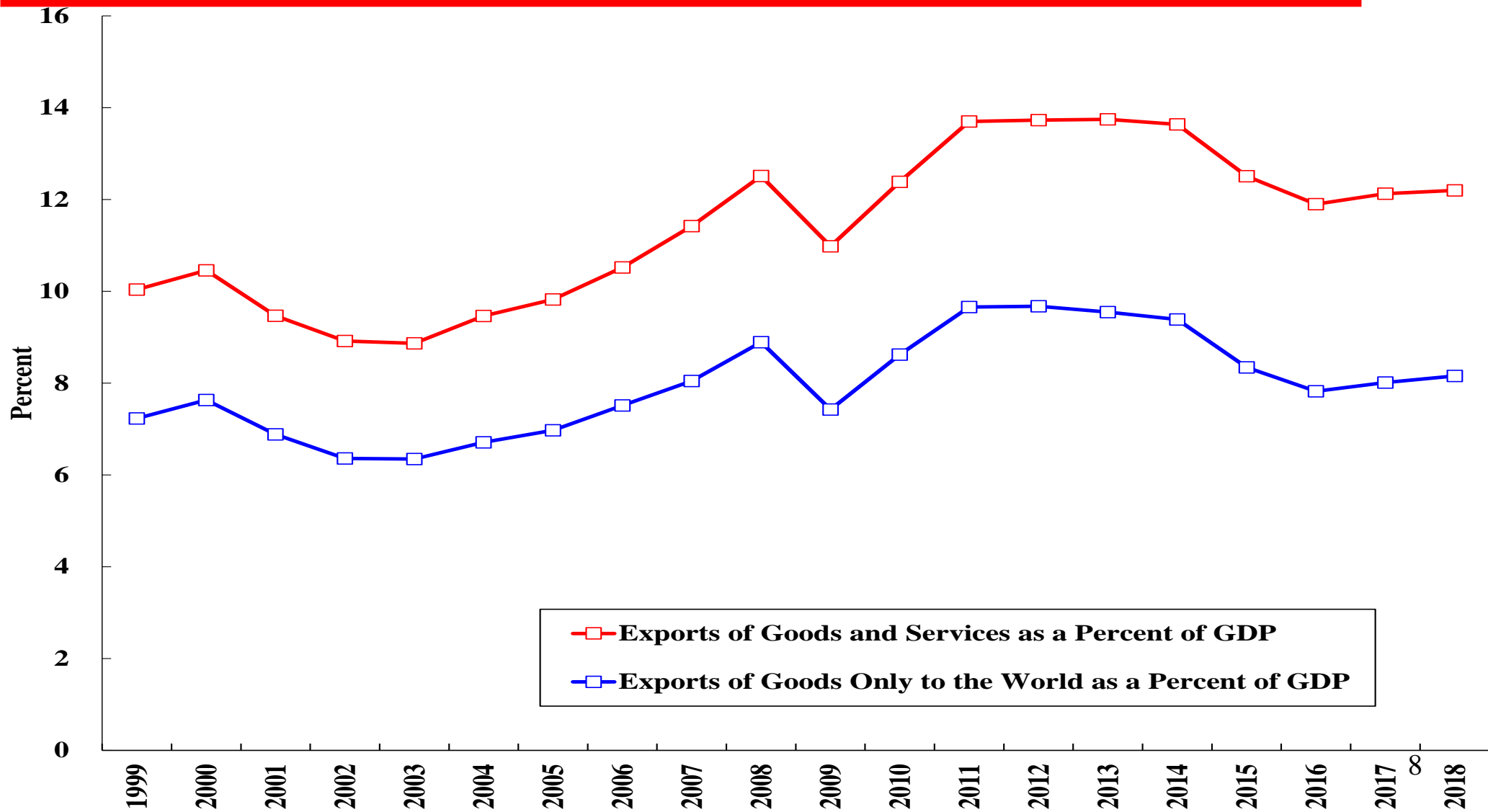
Chinese Exports of Goods and Services and Goods Only as a Percent of Chinese GDP



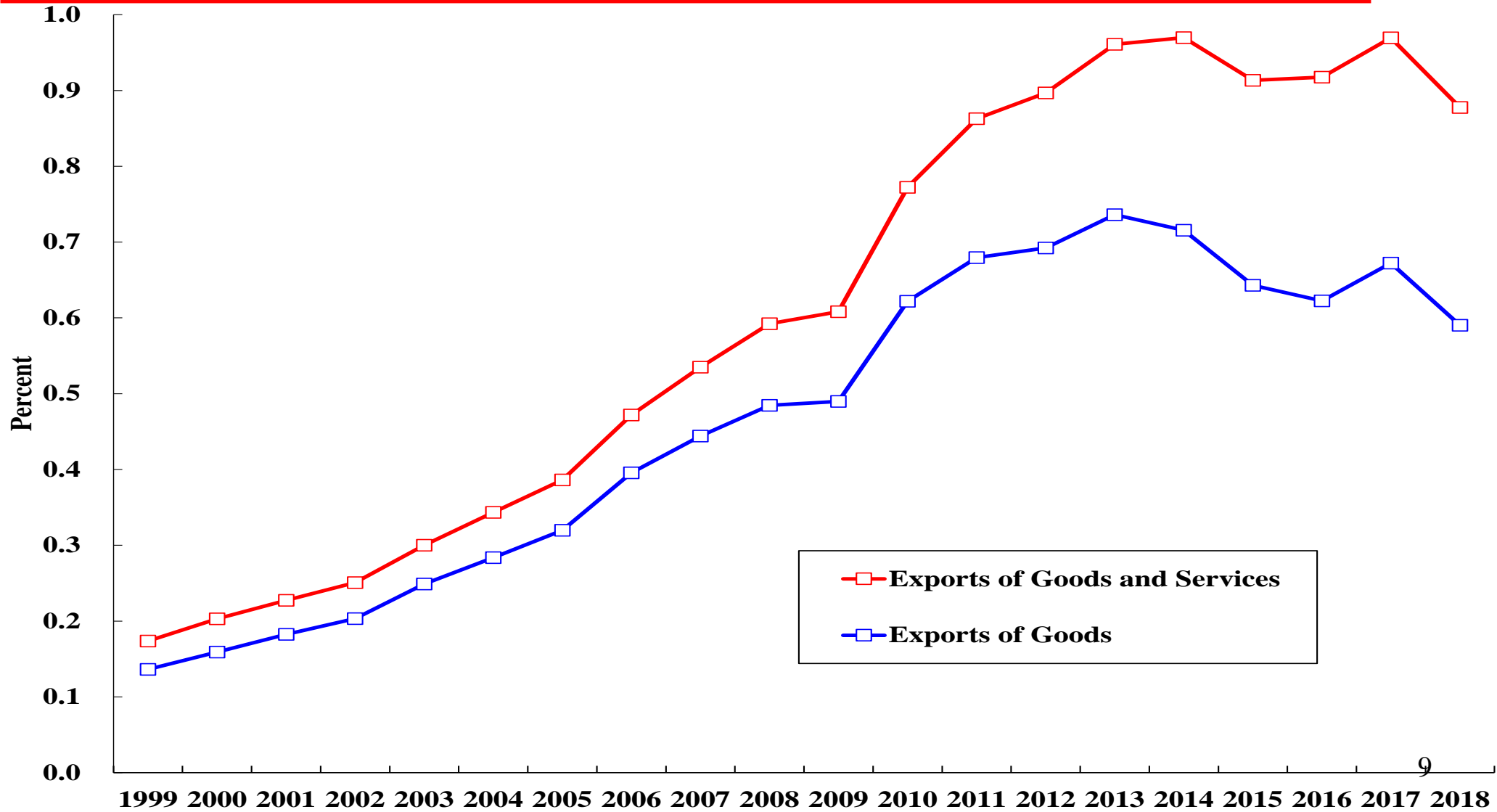
Chinese Exports of Goods and Services and Goods to the U.S. as Percent of Chinese GDP



U.S. Exports of Goods and Services and Goods Only as Percent of U.S. GDP



U.S. Exports of Goods and Services and Goods Only to China as Percent of U.S. GDP

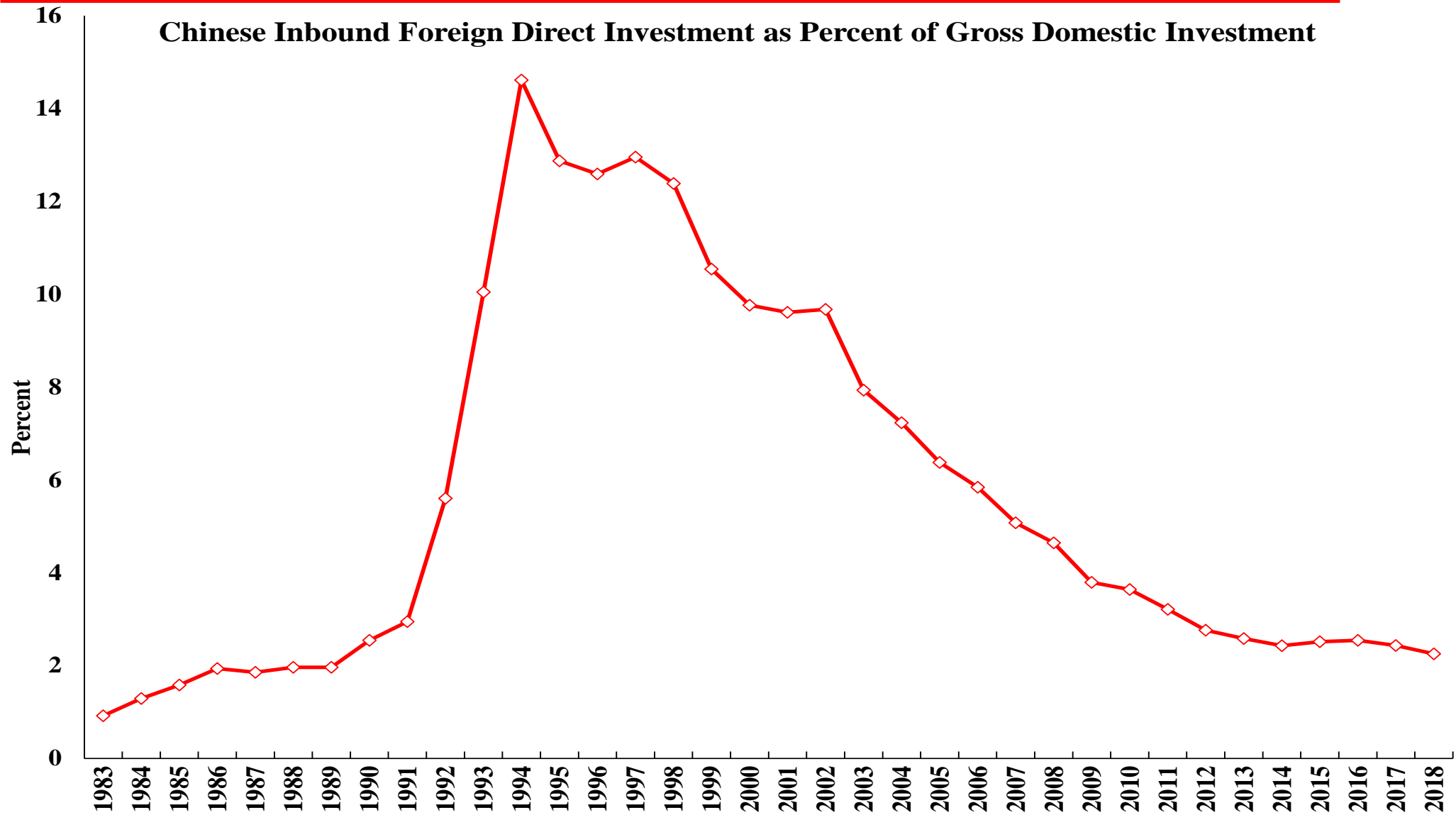


The Relative Benefits from the Bilateral Trade in Terms of Value-Added: A Summary

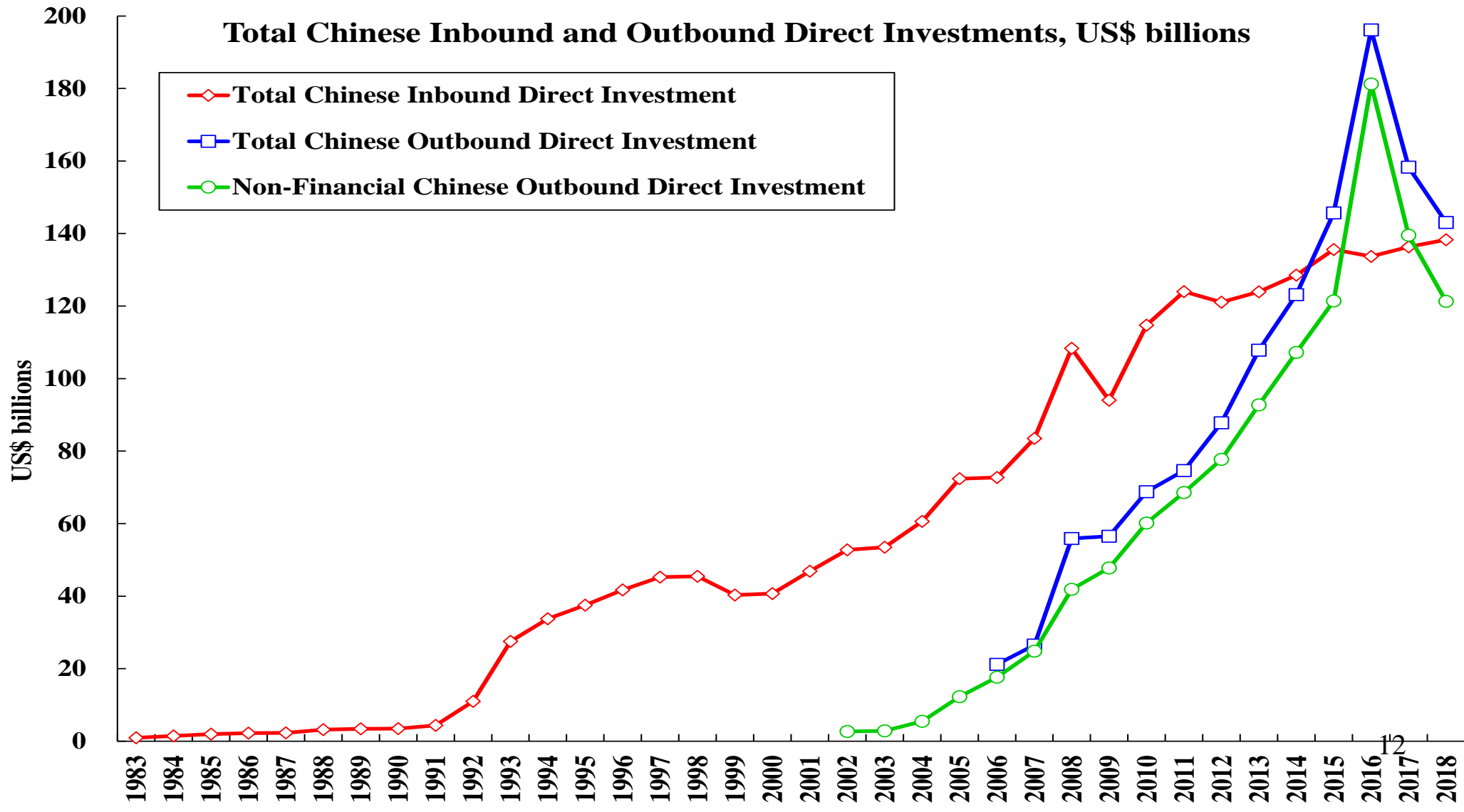
Summary of Comparisons of Relative Benefits

Measurement	China	The U.S.	Difference
Direct Value-Add	159.8	128.6	31.2
Indirect Value-Added	240.2	110.5	129.8
Total Value-Added	400.0	239.1	161.0

Chinese Inbound Foreign Direct Investment as Percent of Chinese Gross Domestic Investment

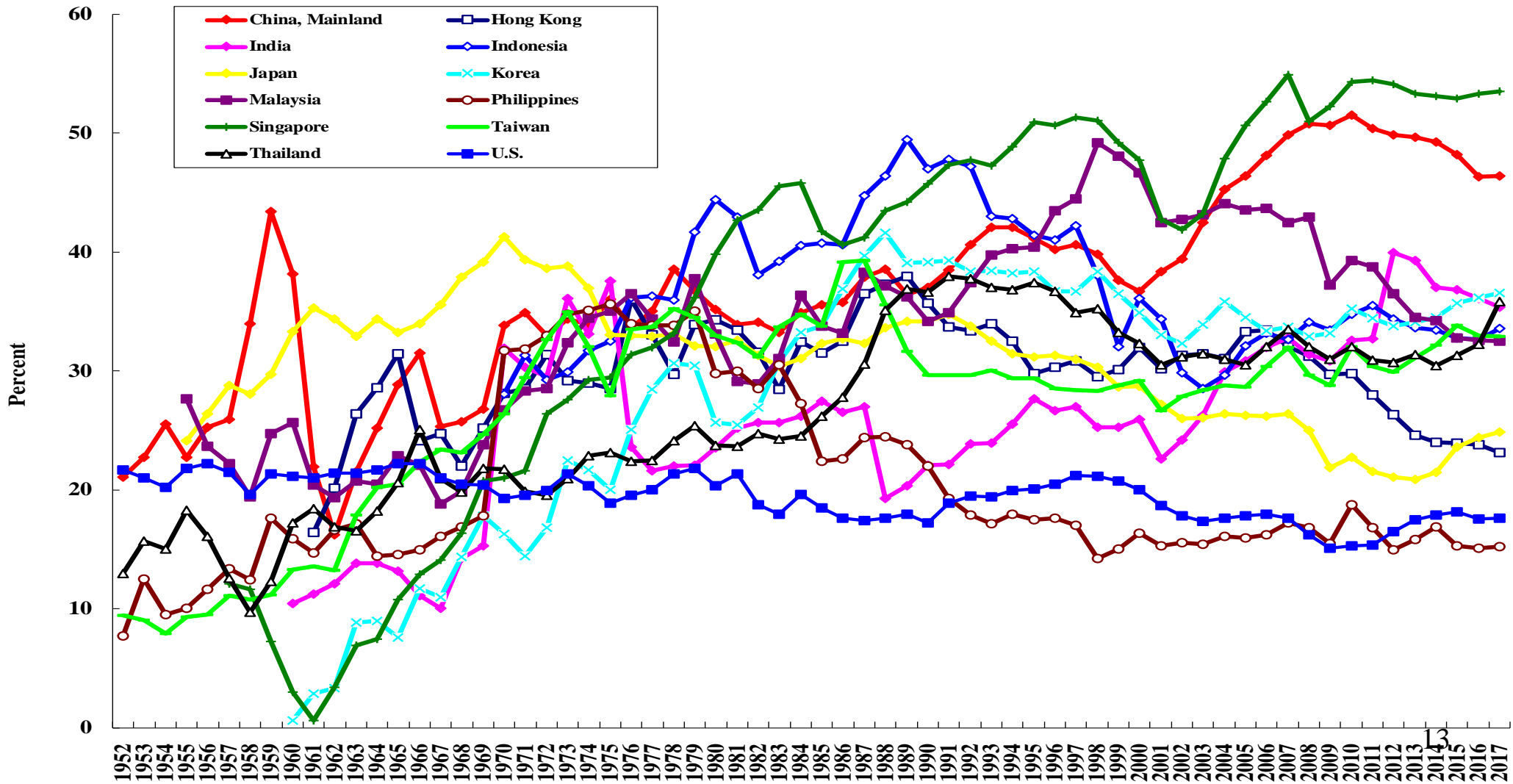


Total Chinese Inbound and Outbound Direct Investments, US\$ billions



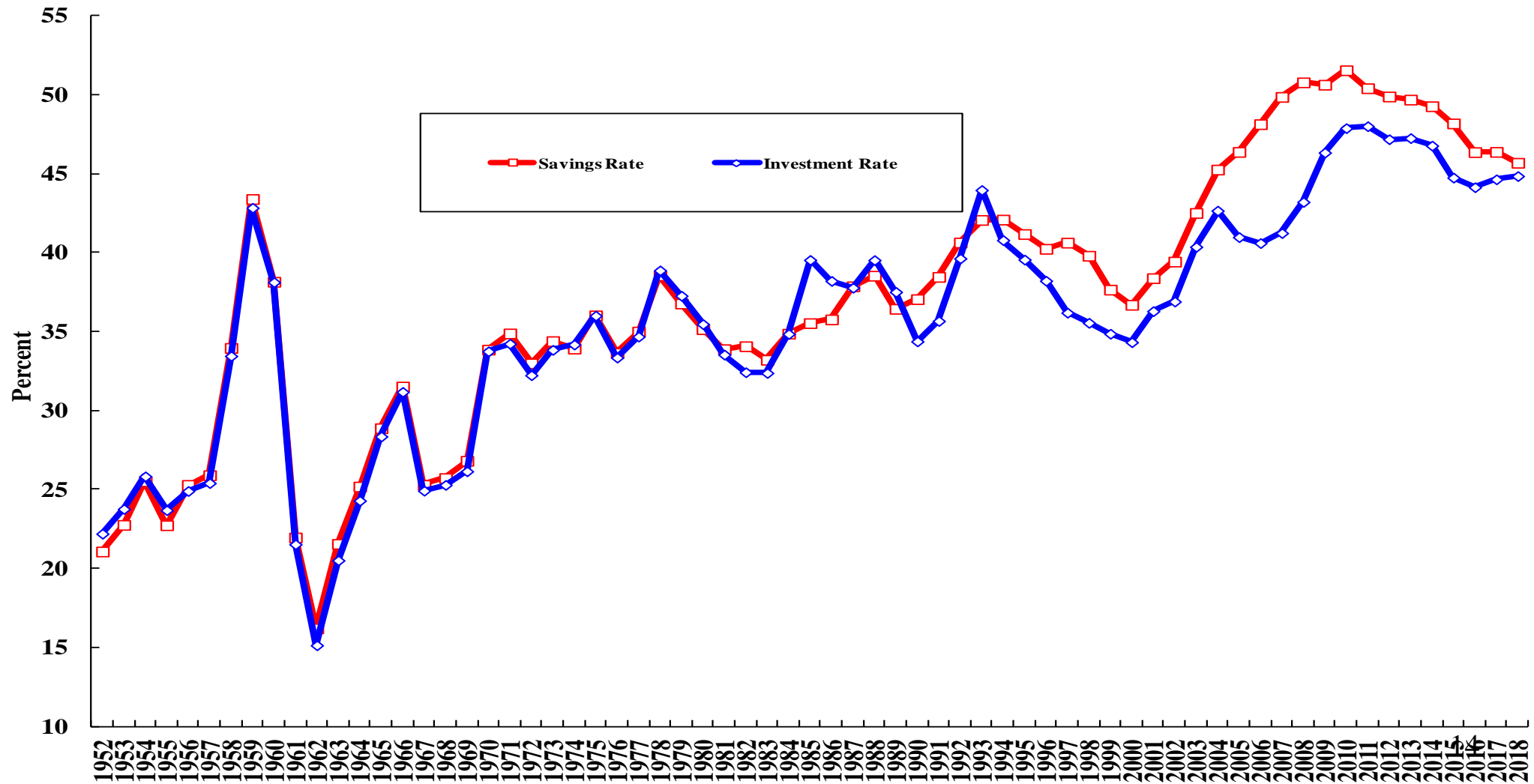
Savings Rates of Selected Economies, 1952-present

Savings Rates of Selected East Asian Economies, 1952-present

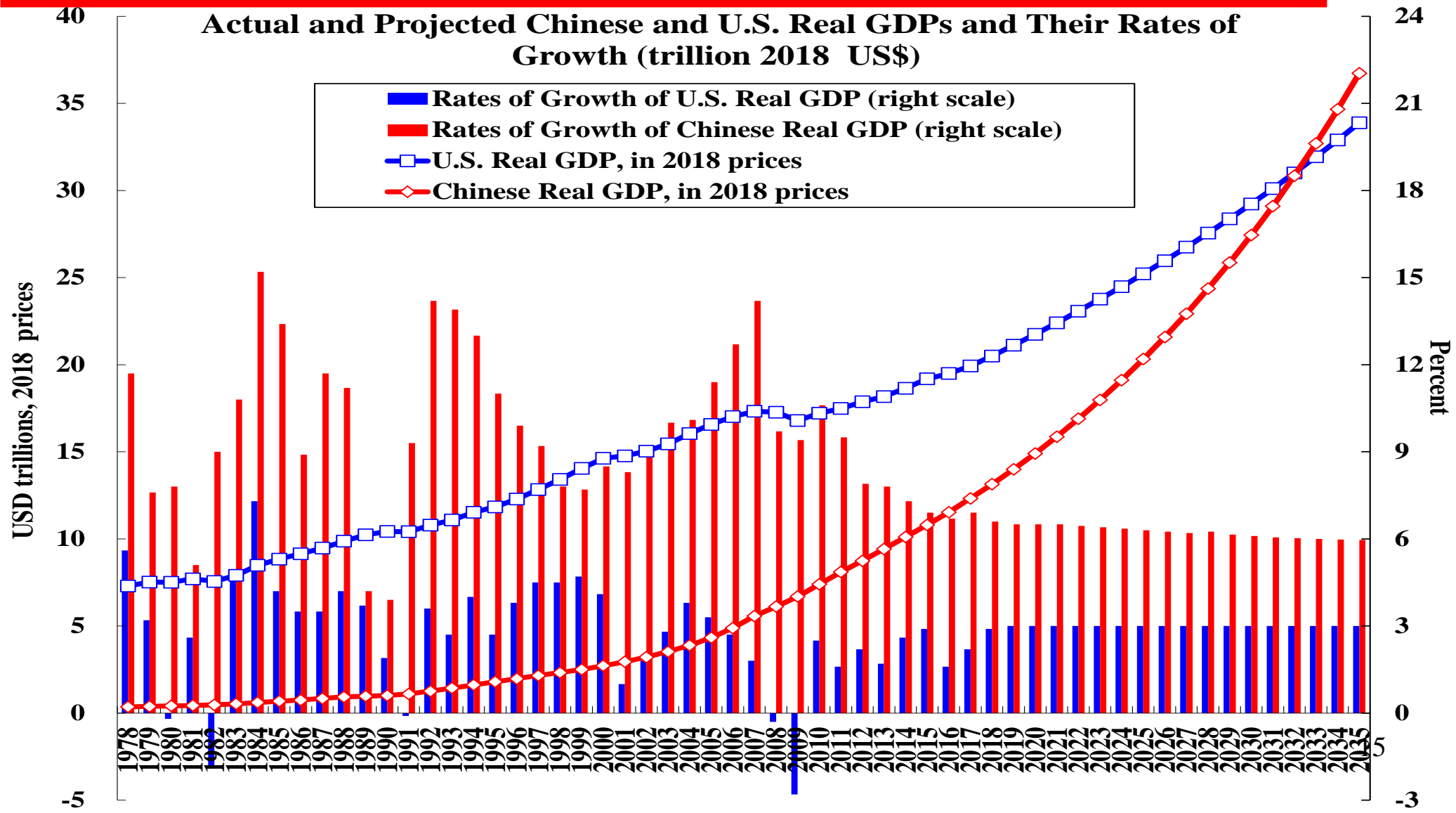


Chinese National Savings and Gross Domestic Investment as Percents of GDP

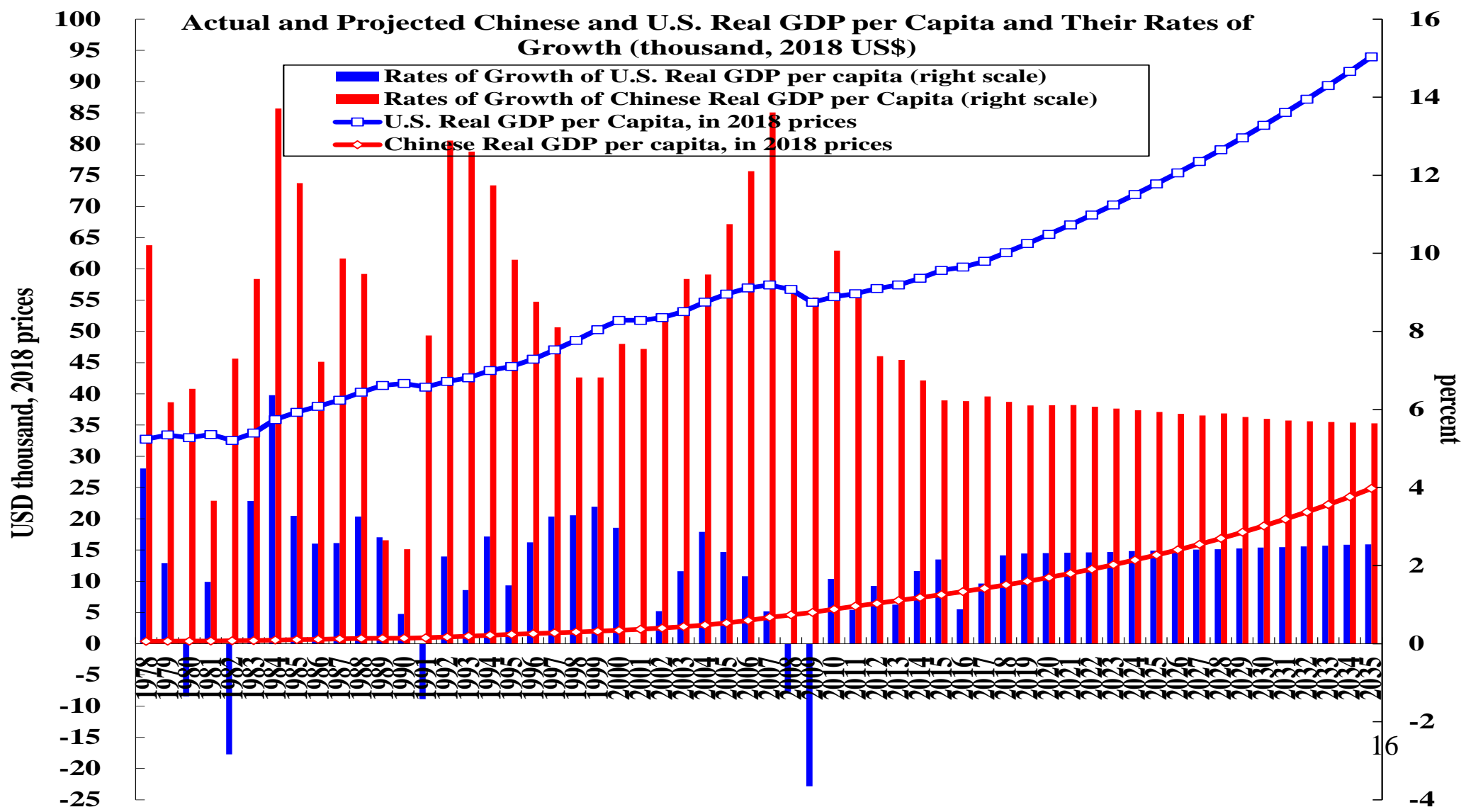
Chinese National Savings and Gross Domestic Investment as a Percent of GDP since 1952



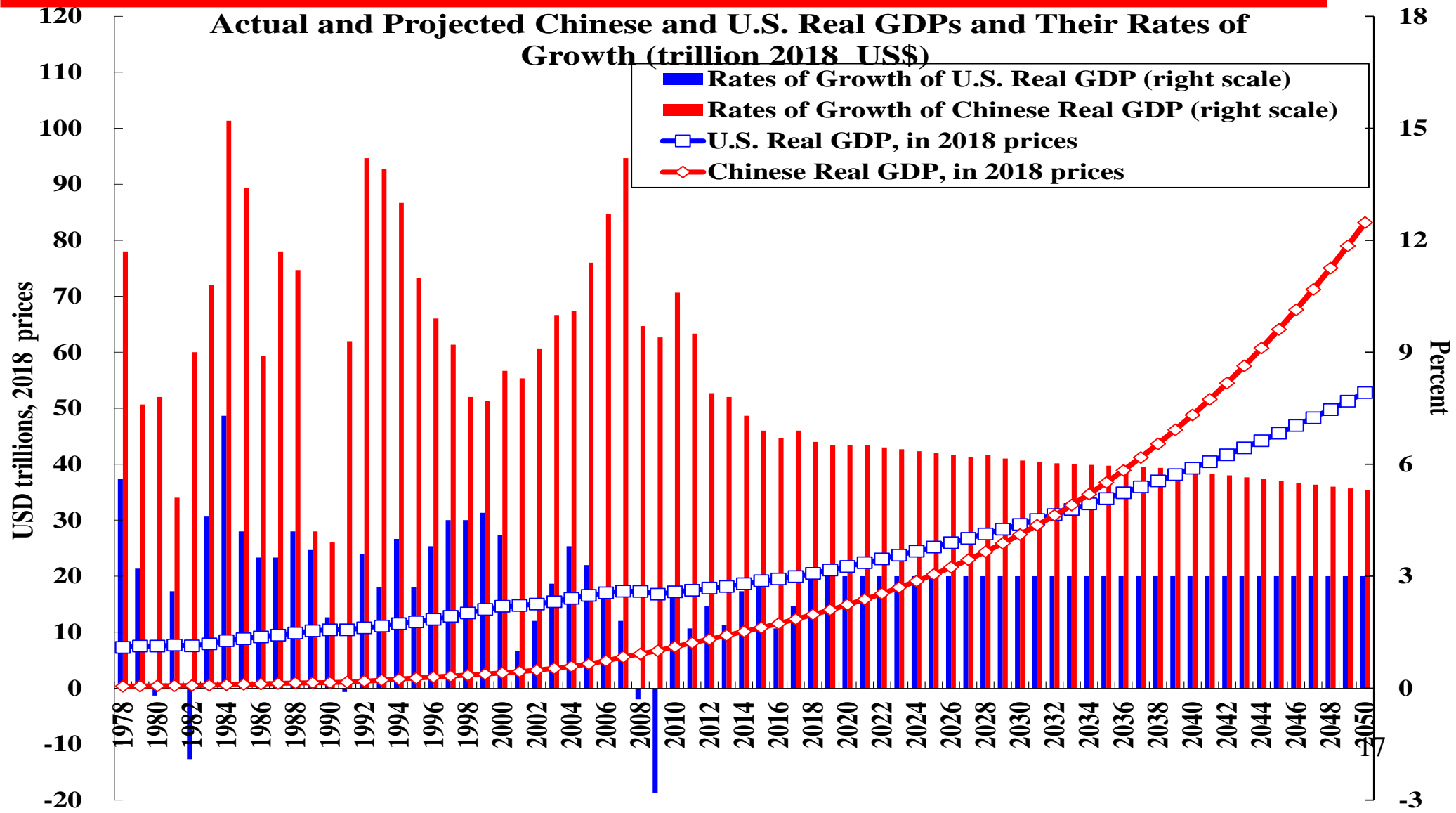
Actual and Projected Levels and Growth Rates of Chinese and U.S. Real GDP (2018 tril. US\$)



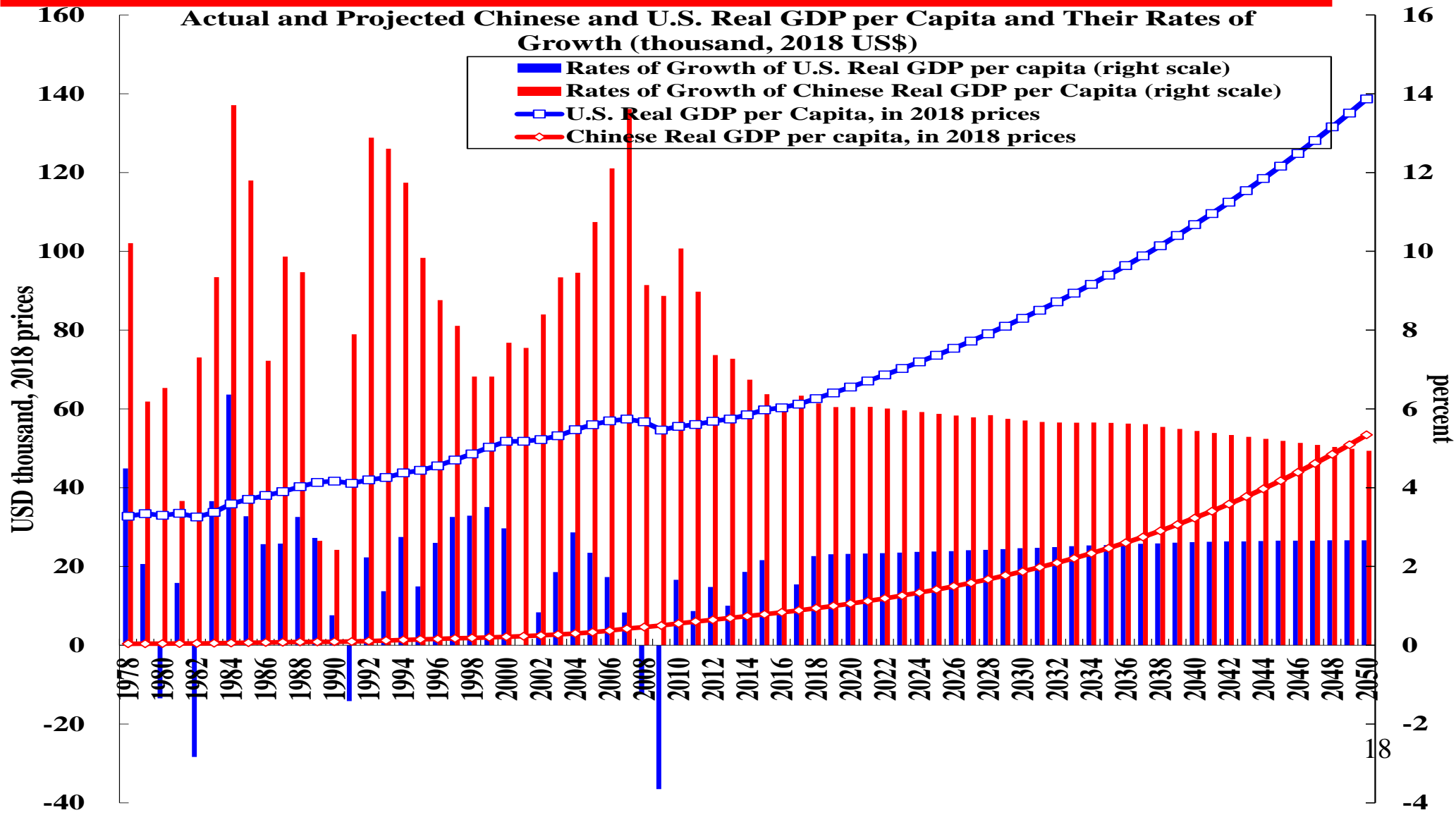
Actual and Projected Chinese and U.S. Real GDP/Capita and Their Annual Rates of Growth (1,000 2018 US\$ & %)



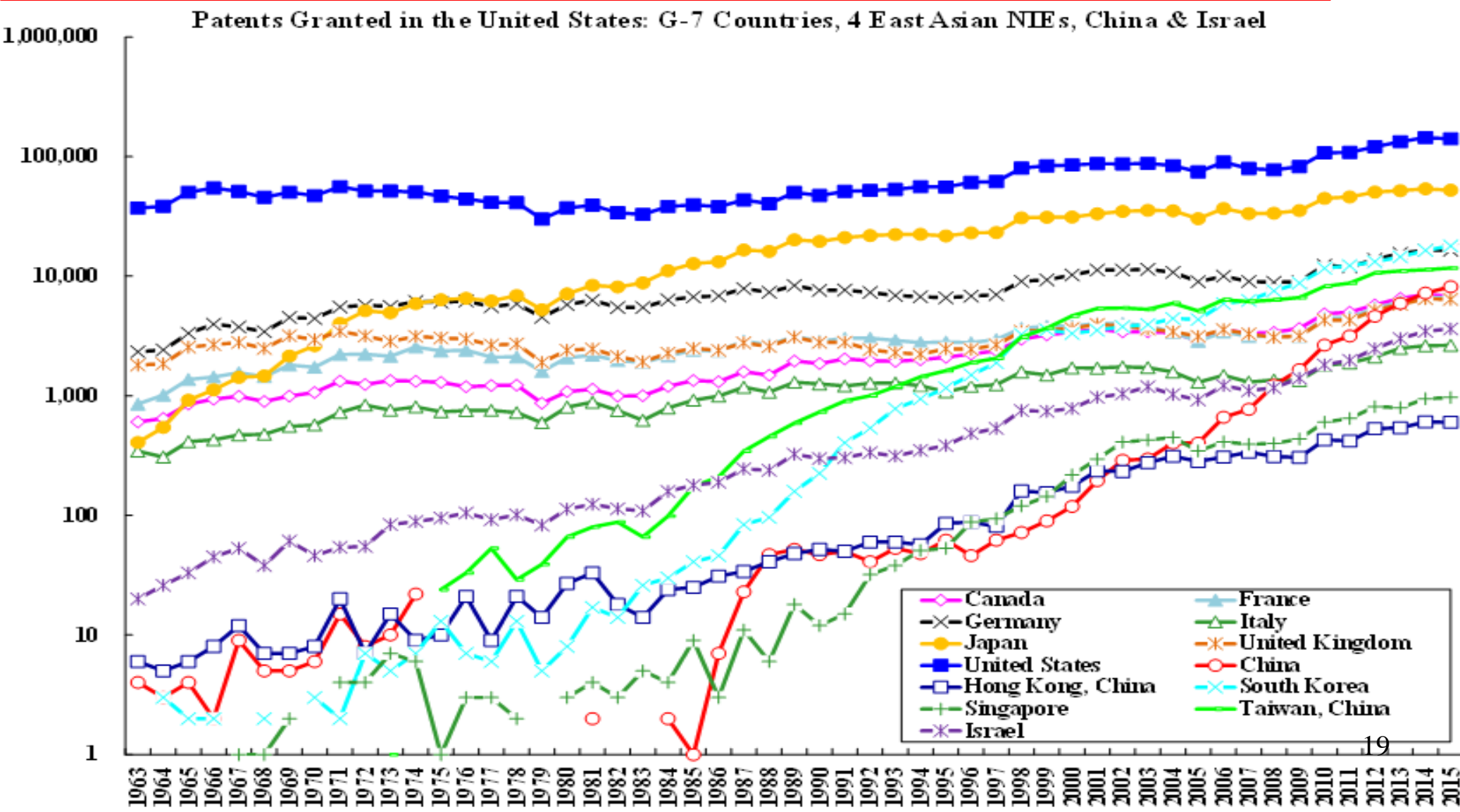
Actual and Projected Levels and Growth Rates of Chinese and U.S. Real GDP (2018 tril. US\$)



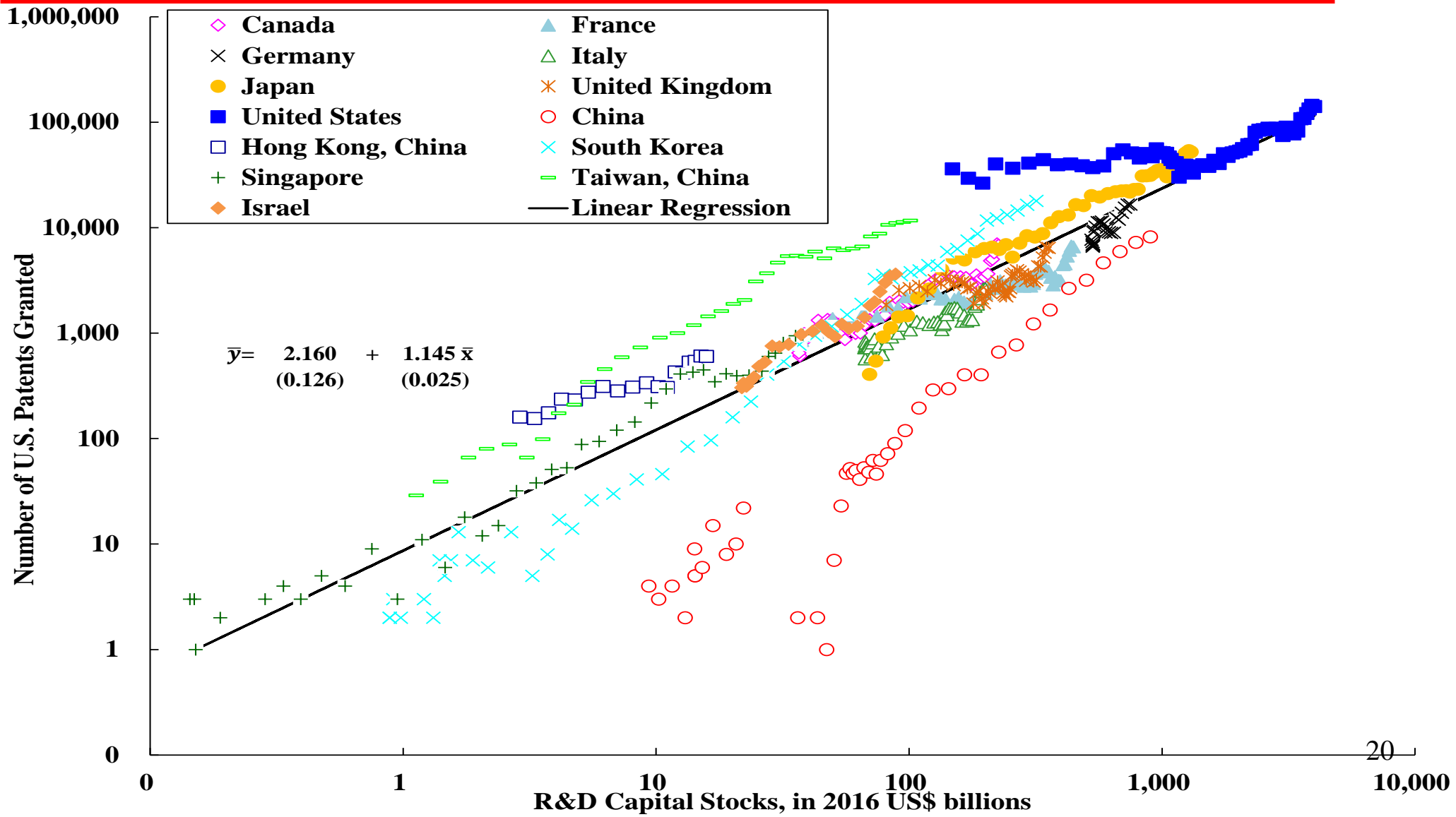
Actual and Projected Chinese and U.S. Real GDP/ Capita and Their Rates of Growth (1,000 2018 US\$)



Patents Granted in the United States: G-7 Countries, 4 East Asian NIEs, China & Israel

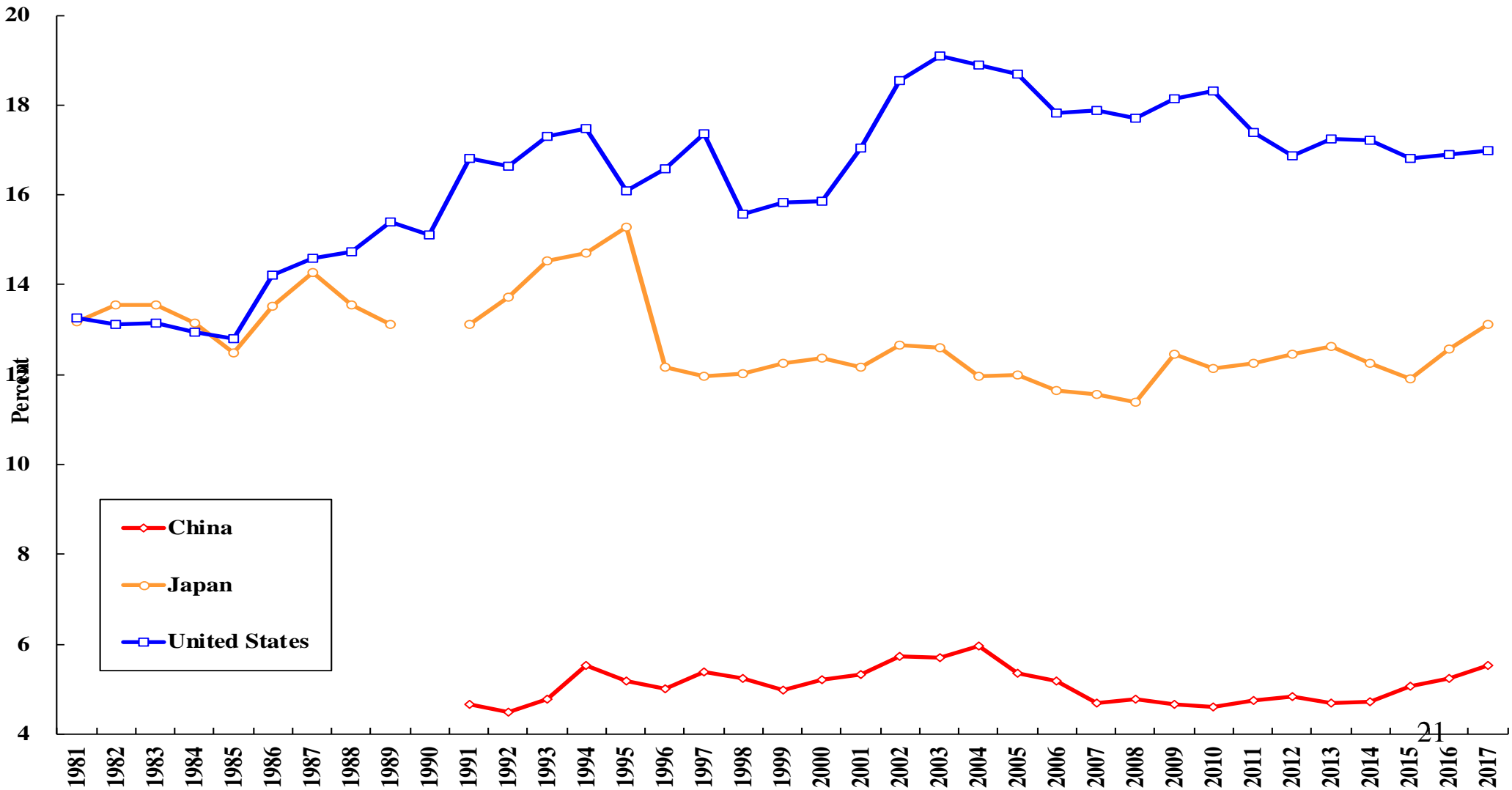


U.S. Patents Granted and R&D Capital Stocks: G-7 Countries, 4 EANIEs, China & Israel



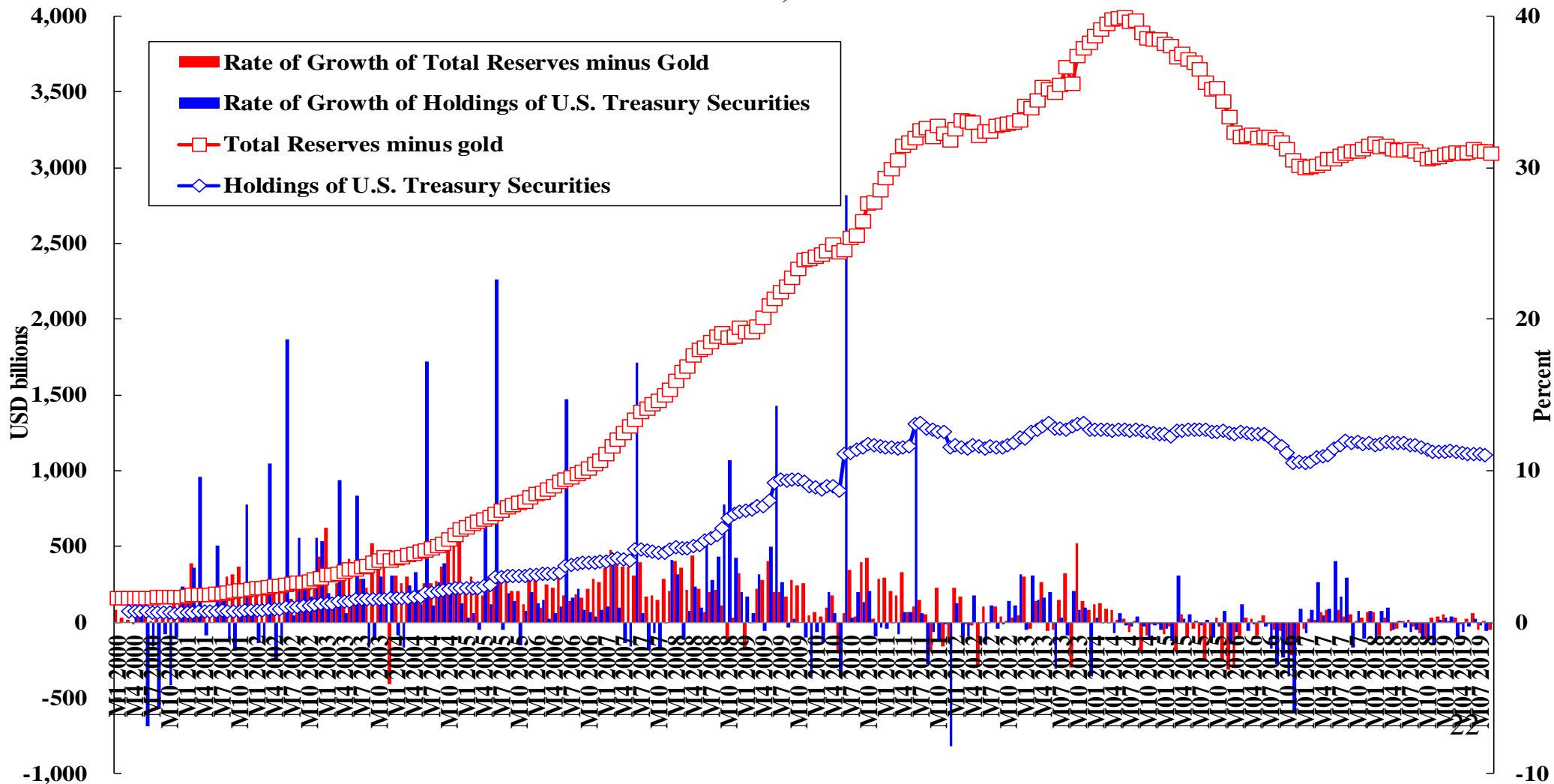
Basic Research Expenditure as a Share of Total R&D Expenditure: China, Japan and the U.S.

Basic Research Expenditure as a Percentage of Gross Expenditure on R&D



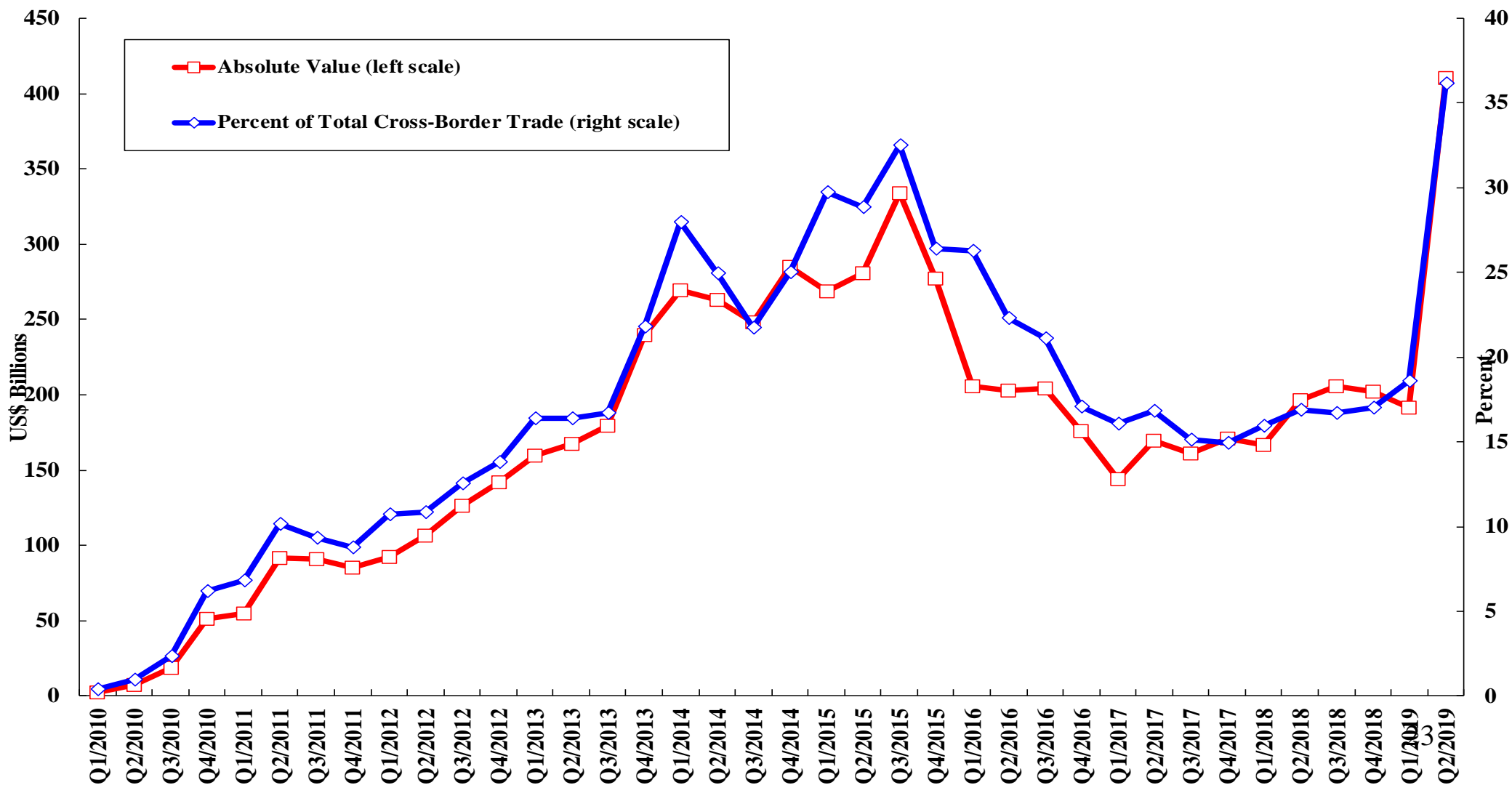
Chinese Foreign Exchange Reserves and Holdings of U.S. Treasury Securities and Their Growth Rates, M-o-M

Chinese Foreign Exchange Reserves and Holdings of U.S. Treasury Securities and Their Growth Rates, Month-over-Month



Renminbi Settlement of Chinese Cross-Border Trade, Billion US\$ and Percent

Renminbi Settlement of Chinese Cross-Border Trade, Billion US\$ and Percent

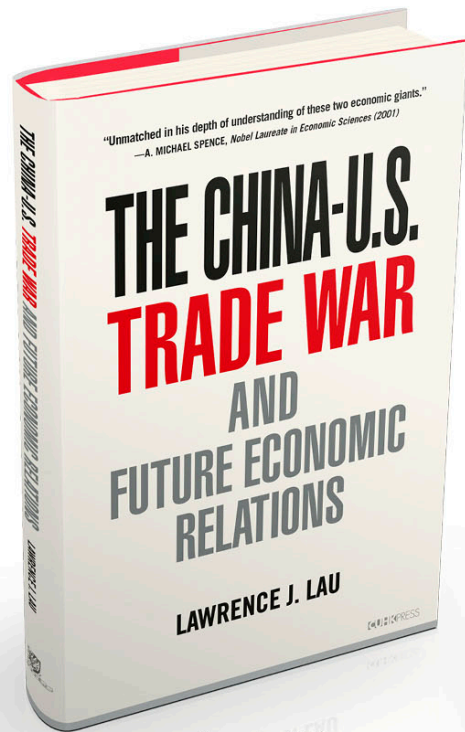


Coordinated Expansion of U.S. Exports to China

- ◆ Coordinated long-term increases of U.S. production and exports of agricultural products such as beef, chicken, pork and soybeans, and energy commodities such as shale oil and liquefied natural gas, can increase both U.S. GDP and employment and decrease the bilateral as well as overall U.S. trade deficit.

Concluding Remarks

- ◆ China is the largest trading-partner country of almost all of the East Asian countries and regions. It is also becoming the largest foreign direct investor in these countries and regions.
- ◆ In the long run, if China and the U.S. cooperate and work together, many global problems such as reform of the World Trade Organisation (WTO), denuclearisation, prevention of climate change, and the economic development of Africa, can be solved.
- ◆ If the two countries compete in a friendly way, much innovation is possible, as in the competition to build the fastest super-computer. China and the U.S. can also both collaborate and compete in finding cures for diseases such as cancer and Alzheimer's disease, and every country in the world will benefit from it.
- ◆ The U.S. can invite China to participate in the exploration of Mars and share in the cost, which has been estimated to be hundreds of billions of U.S. dollars.
- ◆ There are still many win-win possibilities for the Chinese and U.S. economies to work together, e.g., exchange rate coordination, which will rebound to the benefit of the entire world.



December 2018
ISBN : 978-988-237-112-5



January 2019
ISBN : 978-988-237-103-3

The Chinese University of Hong Kong Press 香港中文大學出版社
Website 網頁 : www.chineseupress.com