



Written by [Bob Adelman](#) on December 4, 2018

## Improvements in China Trade Relations to Happen “Very Quickly” Says Top Trump Official

The director of Donald Trump’s Economic Council, Larry Kudlow, [expressed optimism](#) that many improvements will be seen in U.S.-Chinese trade relations before the end of the 90-day “truce” announced on Sunday. Said Kudlow, “Those things should kick in soon. We should see palpable change on the Chinese side immediately. I don’t want to be too specific but I think the generic answer is we will see changes very quickly.”



Skeptics were quick to point out that Chinese promises are easily made and just as easily broken, as Chinese hardliner Peter Morici pointed out: “President Xi has successfully slow-walked President Trump. The president ... will get more platitudes and promises and very few results.”

Early indications are that the communist government ruling China will make some modest concessions, including reducing tariffs on U.S. vehicles back to their level in August, and promising to purchase an undetermined but “very large” quantity of American agricultural products starting immediately. But when it comes to the really important issues, realists are expecting the Chinese to be much less conciliatory.

Those issues include China’s hacking into U.S. company networks to steal their secrets, violating trademark and copyright laws, coercing American companies to give up trade secrets to the Chinese in exchange for the opportunity to sell in China, and discriminating against U.S. goods.

But even those issues hide the underlying foreign-policy objectives of the communists: They have instituted programs to become the dominant economic and political power in East Asia, to counterbalance what they perceive to be American economic hegemony in the West.

Consider its “Made in China 2025” policy, designed to challenge the West in 11 key areas: information technology, numerical control tools and robotics, new materials, state-of-the-art vehicles (rail, ships, aviation, and electric), agricultural machinery, power equipment, medical devices, and 5G wireless communications technology. As *Insight* (the Journal of the American Chamber of Commerce in Shanghai) explained:

China’s goal of becoming a global leader ... will require several steps: localize, indigenize [and] then substitute foreign technology with locally developed or acquired technology, and finally, to capture global market share across key industries.

*Insight* performed a remarkable service in noting that MC2025 relies heavily on “foreign technology” and “acquired technology” to accomplish its goal of capturing market share. Just how do they obtain this highly valued and necessary technology? They obtain it mostly from U.S. companies, either through hacking into their private information systems, or through blackmail.

*Insight* explained just how they obtained the technology for their high-speed bullet trains from the Japanese: “Over 1,000 bullet trains speeding around China may have been predominantly built by local



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manufacturers, but many patents originated from Japanese partners who came into licensing agreements with Chinese companies.” Just how those Chinese partners “came into” those agreements with the Japanese patent holders was explained by *Insight*:

China’s high-speed rail is setting off to conquer overseas markets — Shinkansen has spawned off a rival, which now threatens its [Shinkansen’s] position on the global scene.

Surely, this is not what Kawasaki Heavy Industries (the maker of Shinkansen) had in mind when it entered into cooperation with the Chinese, but it was lured by the prospects of China’s huge market.

There’s another obstacle facing the Trump administration as it seeks to confront Chinese expansionism: its “Belt and Road Initiative.” Launched in 2013, China is investing billions of dollars (of American reserves it has purchased from the U.S. Treasury) to improve infrastructure along the old Silk Road that links it with Europe. The *Economist* magazine estimates that the Chinese are spending \$150 billion a year in 68 countries hankering to have state-of-the-art transportation systems built and paid for by someone else. A year later, Wang Yi, Communist China’s foreign minister, explained that the investment came with chains: that the initiative was Premier Xi’s “most important foreign policy,” that its ultimate aim is to make Eurasia — dominated by China — an economic and trading area “to rival the transatlantic one” — dominated by America. In other words, those 68 countries would enjoy state-of-the-art transportation systems at the cost of their economic (and eventually their political) sovereignty.

Any early trade agreement with China completed by March 1 is likely to capture the low-hanging fruit — tariffs on cars and agricultural products and the like — but on major issues Trump and his negotiators will find China to remain fixedly intransigent. China must have U.S. technology in order to threaten the United States, either by theft or by blackmail. Any plan that disrupts this major foreign policy objective by the communists running China will be rejected out of hand. President Trump has exposed the enemy’s tactics. Winning that war with China is another matter entirely. As *Investors’ Business Daily* put it, “Nothing short of China abandoning its export-driven model to extending its economic domination of Asia and its CM2025 plan to dominate world markets — at the expense of the U.S. — will satisfy.”

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*An Ivy League graduate and former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at [LightFromTheRight.com](#), primarily on economics and politics. He can be reached at [badelman@thenewamerican.com](mailto:badelman@thenewamerican.com).*

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