

China says it does not want a trade war with US

- China does not want a trade war with the United States but will defend its interests, a senior Chinese diplomat said on Sunday.
- Won't sit by and watch as China's interests are damaged-minister
- Trump last week unveiled plan for import duties on steel, aluminium



Getty Images

China will produce-and consumer-more steel in 2017.

China does not want a trade war with the United States but will defend its interests, a senior Chinese diplomat said on Sunday, after U.S. President Donald Trump announced a plan to put tariffs on steel and aluminium imports.

Trump struck a defiant tone on Friday, saying trade wars were good and easy to win, a day after he said he intended to put duties of 25 percent on steel imports and 10 percent on aluminium products.

Trade tensions between the world's two largest economies have risen since Trump took office in 2017, and although China only accounts for a small fraction of U.S. steel imports, its massive industry expansion has helped produce a global glut of steel that has driven down prices.

Negotiations and mutual opening of markets were the best ways to resolve trade frictions, Chinese Vice Foreign Minister Zhang Yesui said at a briefing ahead of China's annual session of parliament, which opens this week.

"China does not want to fight a trade war with the United States, but we absolutely will not sit by and watch as China's interests are damaged," Zhang, who is a spokesman for parliament and was formerly an ambassador to the United States, said.

"If policies are made on the basis of mistaken judgements or assumptions, it will damage bilateral relations and bring about consequences that neither country wants to see," he said.

Trump believes the tariffs will safeguard American jobs, but many economists say the impact of price increases for users of steel and aluminium, such as the auto and oil industries, will destroy more jobs than curbs on imports create.

Nonetheless, there is growing bipartisan consensus in Washington, and support within the U.S. business community, for the U.S. government to counter what are seen as Beijing's predatory industrial policies and market restrictions on foreign firms.

Trump has long sought a way to a more balanced trade relationship with China and is also considering potential trade sanctions against Beijing under a "Section 301" investigation into China's intellectual property practices and pressure on foreign companies for technology transfers.

His administration has said the United States mistakenly supported China's membership in the World Trade Organization in 2001 on terms that have failed to force Beijing to open its economy.

Diplomatic and U.S. business sources say the United States has all but frozen a formal mechanism for talks on commercial disputes with China because it is not satisfied Beijing has met its promises to ease market restrictions.

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