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# China nsight





Gao Feng, Ministry of Commerce spokesman, clarifies China's stance at a press conference on June 13 in Beijing

# Truths About the China-U.S. Trade Relationship

The U.S. Government has unilaterally provoked and escalated trade friction with China since last year, casting a shadow on the China-U.S. trade relationship and the development of the world economy. *Qiushi Journal*, affiliated with the Communist Party of China Central Committee, published an article in its 12th issue of 2019, clarifying questions regarding China-U.S. trade friction. An excerpt of the article follows:

## A zero-sum game?

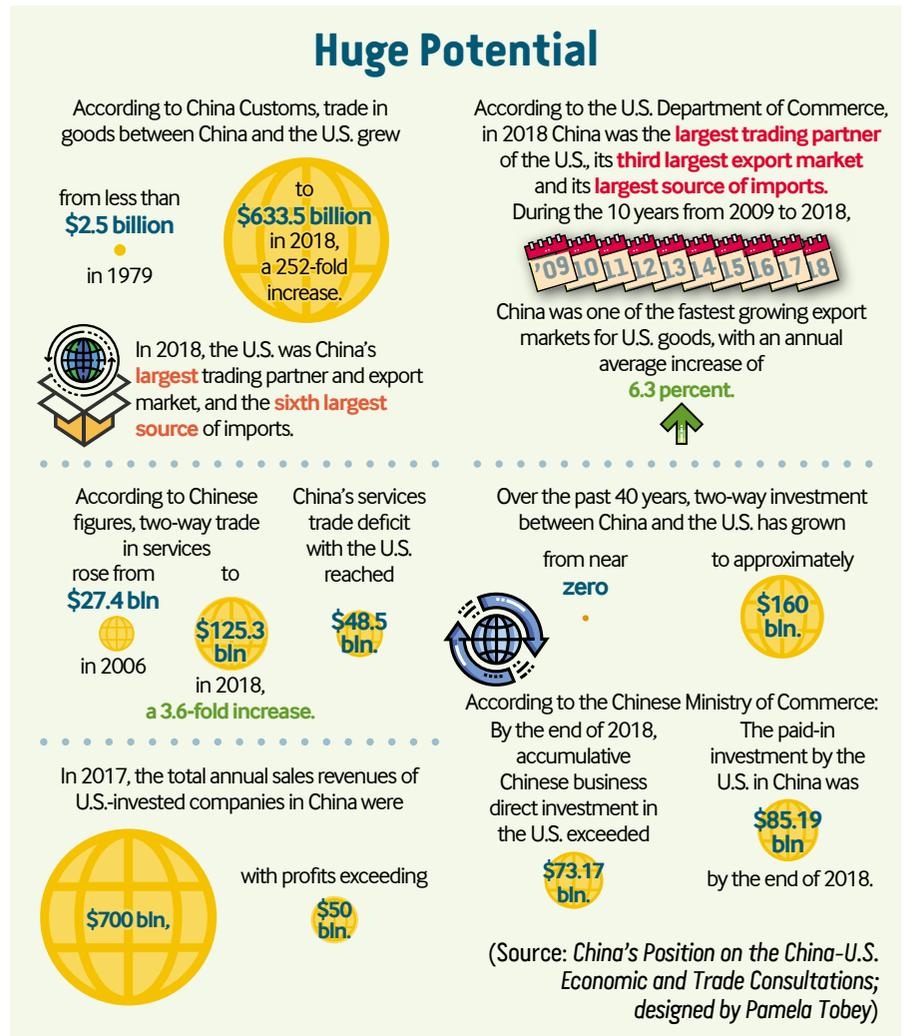
In international economic cooperation, a normal trade relationship is built upon mutual benefit based on equivalent exchange rather than a zero-sum game, where one's gain is the other's loss. Throughout the historical development of the China-U.S. economic and trade relationship, the two countries have boosted their economic development and industrial structure optimization by complementing each other's advantages and exchange of needed goods. Bilateral commercial exchanges have been mutually beneficial and not China "taking advantage" of the U.S.

International trade increases profits for participating countries, but the distribution of profits among participating countries may be unequal. U.S. enterprises, which have higher productivity, rank higher in the global supply chain and thus make more profits in international exchange. It is estimated that China would have to export over 100 million shirts in exchange for a Boeing aircraft. This anecdote sounds shocking, but it reveals the nature of international trade. For a long time, the U.S. gained paranormal profits in international trade because of its monopoly in currency, technology, markets and industrial standards. U.S. companies and people enjoyed cheap and quality goods from developing countries including China. Of course, China has also profited from the China-U.S. economic and trade cooperation, but it earned it by the diligent work of the Chinese people. Standing at the middle to low end of the global supply chain, China has made significant sacrifices in international trade exchanges.

## Is "reciprocal trade" fair?

In international trade, given the differences in stages of development, specific circumstances and the pursuit of profits, the international community establishes the principle of trade rules on the basis of equal consultation. Thus, trade fairness is not decided by one country, and trade rules are not based on one country's profits either. Trade fairness needs to be decided by multilateral equitable consultation.

The so called "fair trade" claimed by some in the U.S. is not based on international rules, but the presumption of America First, which aims to advance U.S. profits. Its core is the so-called "reciprocal" trade, which means each country should align with the U.S. on specific products' tariffs and each industry's market access.



Pursuing an absolute reciprocity is ostensible fairness. But since it ignores the right of development for developing countries, it is profoundly unfair.

For a long time, there have been some seriously unjust phenomena in international trade. The U.S. and other developed countries utilize their technology advantage and monopolistic power to rake in low-price resources, labor and goods from developing countries. This unfair trade pattern, on the one hand, brings tremendous profits to the U.S.; but, on the other hand, entails huge losses for developing countries.

The rules of the World Trade Organization (WTO) are negotiated and agreed upon by all economies. If trade conflict occurs between WTO members, its basic rule is to resolve the conflict within the WTO structure to maintain equal eco-

nomical and trade relationships. The U.S., as one of the WTO founding countries, should obey this basic rule, but some in the U.S. have not. Instead, they bypassed the WTO to play at trade hegemony and bullying.

## Will unilateralism work?

Supposedly, unilateralism is deglobalization and anti-globalization, a measure of separatism. However, this is only one aspect of it. More importantly, some in the U.S. claim that multilateralism, which features equal cooperation, binds U.S. hand and foot, goes against the America First strategy and is unfavorable to the consolidation of the country's hegemony. Therefore, they are anxious to adopt invasive unilateralist measures to suppress their rivals, crush them one by one,

create an international order that more closely aligned with the America First principle, and obstructs newcomers from progressing.

In today's world, the technological revolution and the development of productive forces increasingly push global specialization. Economic globalization is an inevitable trend, which further accelerates the globalization of trade, investment and the liquidity of production factors.

With the deepening of interdependence among nations, emerging market countries and developing countries are rising collectively and changing the pattern of the world. Global multipolarization and democratization of international relations are irresistible trends of the era. The mind-

set of having a monopoly over international affairs is already behind the times and accompanying acts will be doomed.

## Will technology hegemony prevail?

Science and technology are the shared fortune of human society. However, in the eyes of some in the U.S., technology is a right to be exclusively controlled and enjoyed. To protect its hegemonic position in economy and technology, the U.S. Government has imposed a regulatory policy on hi-tech exports to China. Amid the current trade friction, the U.S. is further abusing its state power by initiating a technology blockade of Chinese enterprises.

Technology hegemony must not be allowed to succeed.

Promoting technological innovation and progress is a legitimate pursuit of every country. Strengthening technological cooperation and communication is the key driver of human progress. To meet people's increasing demand for a quality life and serve both the Chinese people and the entire world, it is our mission and also our right to promote technology innovation, strengthen technology cooperation and combat technology hegemony.

After long-term and consistent efforts, China has made great achievements in its technological development. They are neither "stolen" nor acquired through "forced technology transfer." They are the result of millions of technology professionals' independent and diligent work and international technology cooperation on a mutually beneficial and win-win basis.

## Will "extreme pressure" work?

Cooperation entails issues of principle, and consultation must be equal, mutually beneficial and sincere. Therefore, China will not give ground on major principles. Those in the U.S. who want to apply "extreme pressure" to coerce China into submission are doomed to fail. Any attempts to isolate China will backfire, and any pressure targeting China will raise Chinese people's strong aversion and fierce objection.

Mutual respect, equality and mutual benefit are fundamental rules of international relations. However, the U.S. strategy of extreme pressure goes against these rules and severely disrupts WTO rules and the international order. History has shown that any attempt to reach an agreement through pressure will destroy the two countries' bilateral cooperative and trusting relationship and squander the historic opportunity to cooperate. These U.S. measures are not only unbeneficial to resolving the conflict but are actually hurting both sides' profits.

## Will protectionism lead to manufacturing reshoring?

In the process of economic globalization, U.S. transnational companies have transferred more and more industries to developing countries to maximize profits. They increase the profit margin of capital through industrial transfer, cost reduction, market expansion and pollution transfer. Meanwhile, more capital shifts away from

## Severe Impact

The U.S. tariff measures led to a decrease in the volume of China's exports to the U.S., which fell by

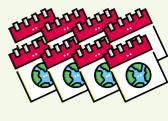
9.7%  
(y.o.y.)

in the first four months of 2019, dropping for

five months in a row.

In addition, as China has to impose tariffs as a countermeasure to U.S. tariff hikes, U.S. exports to China have dropped for

eight months in a row.



According to Chinese statistics, direct investment by Chinese companies in the U.S. was

\$5.79 bln in 2018,

down by

10%

(y.o.y.).

Paid-in U.S. investment in China was

\$2.69 bln in 2018,

up by only

1.5%

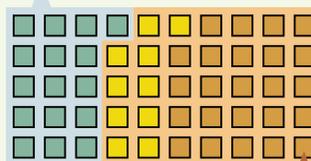
(y.o.y.),

compared with an increase of

11%

in 2017.

In 2018, when economic and trade friction worsened, only 16 states increased their goods exports to China.



34 states exported fewer goods to China, with 24 of them seeing a double-digit decrease.

The Midwestern agricultural states were hit particularly hard. Under tariff measures, exports of U.S. agricultural produce to China decreased by

33.1%

(y.o.y.),

including a

50%-drop in soybeans.

(Source: China's Position on the China-U.S. Economic and Trade Consultations; designed by Pamela Tobey)



The photo taken on December 18, 2018, shows Chinese rail company CRRC's completed subway earmarked for delivery to the U.S. state of Massachusetts in the corporation's first North American plant in Springfield

the low-profit real economy to the financial sector for speculation.

In the current international economic system, the U.S. dollar is the global currency on which the international economic pattern is built. The U.S. supplies the currency, while other countries, especially developing countries including China, provide goods. The U.S. imports a lot more, resulting in a trade deficit; other countries export more, leading to a trade surplus. This means that any U.S. attempt at manufacturing reshoring to reduce the trade deficit may hurt the hegemony of the U.S. dollar. In fact, the growth of the U.S. manufacturing sector only constitutes 11.4 percent of its GDP, while finance, insurance, real estate and leasing industry make up 20.7 percent, showing an even more severe trend of deindustrialization and financialization than in 2007 before the world financial crisis. Thus, it will not be easy for the U.S. to achieve manufacturing reshoring.

## Does trade friction boost U.S. economic development?

According to some indicators, the U.S. economy is growing. However, whether the upward momentum is sustainable will be decided by the conditions of capital accumulation. In the first quarter of 2019, the seasonally-adjusted growth rate of fixed investment in the private sector was only 1 percent, significantly lower than in 2017 and 2018. According to official U.S. data, durable goods orders declined by 2.1 percent month on month in April, higher than the expected 2-percent drop. In addition, core capital goods shipments—the most important gauge for economic expansion—decreased by 0.9 percent in the same month. As far as the development trend is concerned, economists have opposing views on the future of the

U.S. economy. The U.S. National Business and Economic Society reported recently that many economists predicted that the chance for a recession in the U.S. economy before 2020 has doubled, mainly as a result of protectionist measures of the U.S. Government.

## Do tariffs benefit U.S. consumers?

Economic and trade friction hurts the pockets of ordinary U.S. consumers. Since a large portion of the products imported from China are regular consumer products, the increased tariffs on Chinese products will eventually fall mostly on U.S. consumers.

Economic and trade friction is also bad for U.S. employment. Imposing tariffs will lead to a hike in U.S. labor reproduction costs, limit demand for the labor force and further restrain employment growth. U.S.



An aerial view on March 2 shows the Port of South Louisiana, which used to be a major U.S. port exporting soybean to China

enterprises will also have to bear higher prices for raw materials.

## Will it crush China's economy?

This year, China's economy is off to a good start, with major economic indicators in the rational range. China's economic structure is optimizing, the development pattern is transforming, quality and benefits are improving, and the stable and upward trend is more obvious.

Although China-U.S. economic and trade friction poses new uncertainties for China's economy, the long-term upward fundamentals of its economy have not changed. China has a population of almost 1.4 billion, where 900 million are in the labor force and 170 million are highly educated, skilled human resources. China has

the largest middle-income group in the world and over 100 million market entities. The economic development model driven by domestic demand is a powerful weapon against the risks of international trade. New momentum, represented by strategic emerging industries and the sharing economy, among others, will inject new vitality into the development of the Chinese economy.

There is adequate space in fiscal, monetary, revenue, industrial, technology and investment policies. China has the conditions, capabilities and confidence to confront various risks and challenges.

However, it is still vulnerable in core technology. China will increase investment in and research of core technology, gather more talent and free itself from foreign stranglehold. China must transform devel-

opmental pressure into momentum for high-quality development.

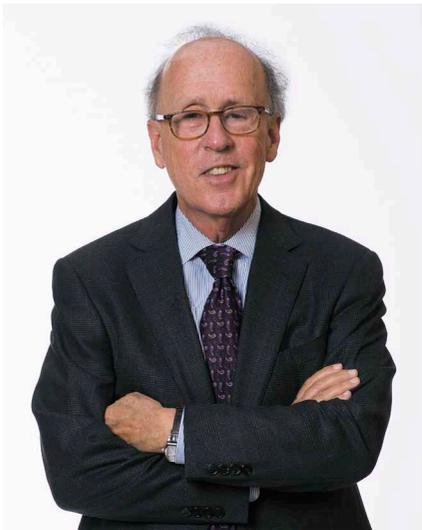
## China's stance

In light of the economic and trade friction provoked and escalated by some in the U.S., China repeatedly states its principled position of "not wanting a trade war, not being afraid of one, and ready to fight one when necessary." As some in the U.S. continually challenge and disrupt the current international order, China adheres to a mutually beneficial and win-win stance to actively participate in the reform and construction of the global governance system. In terms of the negative impact of China-U.S. trade friction, China will remain independent and self-reliant, deepen reform, expand opening up, stay on the path of high-quality development and focus on running its own affairs well. **C**

# Wide Repercussions

The U.S. raised tariffs on \$200 billion worth of Chinese imports from 10 percent to 25 percent on May 10, the day the 11th round of China-U.S. economic and trade consultations ended in Washington, D.C., with no deal reached. But the decision was announced on May 5. On May 13, in response to the U.S. escalation of trade frictions, China announced that it will impose additional tariffs on some imported U.S. products as of June 1.

Stephen Roach, a senior fellow at Yale University and former Chairman of Morgan Stanley Asia, Jon Taylor, Chair of the Department of Political Science at the University of St. Thomas in Houston, and Avery Goldstein, Director of the Center for the Study of Contemporary China at the University of Pennsylvania, shared their observations with *Beijing Review* on the development of China-U.S. trade frictions. Edited excerpts of their views follow:



## Stephen Roach

The events now qualify as a classic trade war—tit-for-tat tariffs, with China responding proportionately to each and every one of President Donald Trump's moves.

To the extent that Trump continues to up the ante, putting tariffs on the remaining \$300-325 billion of Chinese shipments to the U.S., I expect China to do the same and put tariffs on the remaining \$60 billion of U.S. imports into China.

Unfortunately, the future deal—if and when it is struck—is likely to be a superficial deal featuring China's commitment to multi-year purchases of U.S. products. This is a superficial deal because it addresses the least consequential aspect of the economic conflict—the bilateral U.S.-China trade imbalance. The U.S. has a multilateral problem—trade deficits with 102 countries in 2018—because of a major shortfall in domestic savings. Trump will achieve little by attempting to find a bilateral solution for a multilateral problem. This is a classic problem in macroeconomics that the U.S. administration either ignores or does not understand.

Apart from the futile attempt to resolve the trade deficit, there is little chance that the coming deal will feature a breakthrough on the tough structural issues raised by the U.S.—intellectual property, technology transfer, cybersecurity and state-sponsored industrial policy. The rhetoric may change but China is unlikely to change its system in response to U.S. pressure. There is a high likelihood of lasting conflict on these issues—suggesting the distinct possibility of an economic Cold War between the U.S. and China that leaves me quite concerned about the long-term economic relationship between the two nations.

This conflict is a very real manifestation of a dysfunctional U.S.-China

codependency—the subject of my 2014 book *Unbalanced: The Codependency of America and China*. Both nations harbor deep-rooted existential fears—China fears U.S. containment of its growth and development and the U.S. fears that China threatens its future prosperity. The best way to address those fears is by strengthening from within rather than lashing out at the perceived threat.

For China, that means continuing to focus on structural rebalancing—from manufacturing to services, from exports to private consumption, from imports to indigenous innovation, and from surplus savings to saving absorption. For the U.S., it means focusing on rebuilding domestic savings by containing longer-term budget deficits—thereby boosting long-term competitiveness by having the domestically generated wherewithal to fund investment in productive capacity, infrastructure and human capital.

I am more optimistic that China will be better able to achieve these objectives than the U.S. That will only deepen the U.S. existential fears of China, prolonging the current conflict for years to come. I fully realize that such a prognosis is at odds with longstanding win-win hopes. In light of the current and prospective developments, a more realistic assessment may well be in order.



## Jon Taylor

The impact will be quite large, assuming that President Donald Trump is truly serious about taxing all incoming goods from China. There will be multilevel impacts. Trump's tariff hikes will be felt by all U.S. companies that are importing goods from China, since they are the ones—not China—who will have to pay the tariffs.

Additionally, it will have a ripple effect on the U.S. economy because these companies will pass along the increased costs to U.S. consumers. If Trump continues to give carve-outs for products like the iPhone, as he did when he first began announcing tariffs last year, then there is a possibility that it won't be quite as bad as we might expect.

That said, if Trump goes through with his threat to tax all incoming goods from China, then China will likely target U.S. industries that have political importance.

Remember that ahead of the 2018 mid-term elections, China targeted Harley-Davidson motorcycles, whiskey, cranberries, soybeans and pork, which hit—among other places—the home states of Senate Majority Leader Mitch McConnell and then House Speaker Paul Ryan. Assuming that Trump follows through, I would expect Chinese tariffs to be just as targeted this time around, taking aim at U.S. businesses that operate in China with home bases located in important 2020 U.S. presidential election swing states.

Trump's trade war is not only counterproductive, it is like a football own goal in that it is aimed at China, but will actually impact U.S. consumers, the U.S. economy and very soon, the global economy.

Frankly, China can purchase only so much soybean and oil and natural gas from the U.S. Trump's escalation of tariffs on Chinese goods resulted in the collapse of the trade talks and will result in less trade, not more. Trump's tariffs have encouraged China to find alternative sources for various commodities. Even with a move to purchase more from the U.S., China has globally diversified its import portfolio. We will likely not see U.S. commodity imports approach pre-Trump tariff levels in the foreseeable future. Trump's views on tariffs are so pre-modern, so removed from the conventional wisdom regarding global trade that it begs the question about how often he attended his Wharton School eco-

nomics classes as a student.

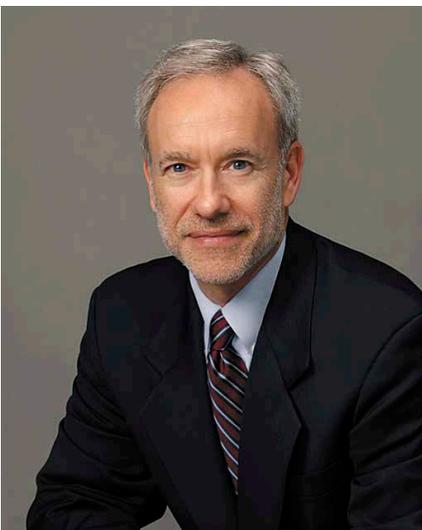
Trump has consistently proven that he relishes moving the goalposts in order to ramp up animosity toward China and economic globalization. He has created a new normal in which he appears happy to continually look for new and more confounding solutions in search of invented problems—all the while ignoring both the realities of global trade and the burden of costs that his tariffs have on the people in the U.S. His actions are not only damaging long-term U.S.-China relations, they are pushing the U.S. closer to a recession with every passing day.

As long as Trump is in the White House, I do not expect the trade dispute between China and the U.S. to be truly resolved.

China has demonstrated both restraint and calm throughout this useless trade war. I fully expect that China will continue to look for ways to respect each other's core interests in the spirit of win-win cooperation and mutual benefit. Frankly, Trump's Twitter rants have made things worse.

Ranting about deal-breaking and threatening substantial increases in tariffs are not a normal negotiation strategy with one of the world's preeminent powers. If Trump really wanted to negotiate a legitimate, wide-ranging trade agreement, he should have begun by demonstrating respect for China by treating it like an equal. That would have created a more collegial environment that could foster a much more acceptable agreement.

Unfortunately, Trump wants China to capitulate. He's delusional. Simply stated, that is not going to happen. This is 2019, not 1860.



## Avery Goldstein

If the renewed escalation in economic disagreements is not just a brief detour before reaching an agreement in the next month or two, then the economic consequences for the U.S. and especially for China will be significant, but not catastrophic.

More important than the direct economic effects of a protracted economic confrontation will be the effects on the viability of the global economic order. If the bilateral dispute results in the economic decoupling of the U.S. and China as well as the undermining of the role of the World Trade Organization and other multilateral

institutions, the transition to a new international economic order will be painful for all.

Even if the result is not a global recession, it would almost certainly be a less prosperous future for a world in which the efficiency of global supply chains and relatively free trade and investment opportunities resting on comparative advantage would be undermined if not destroyed. That said, even if the U.S. and China are able to revive talks and salvage an agreement, neither they nor the international community can any longer have great confidence that the two countries will avoid renewing their disputes in the future. **CI**

# Goodbye Hardship

An ethnic minority in Yunnan's mountainous area steps out of poverty By Yuan Yuan

An aerial view of Dulongjiang Township in Gongshan Dulong-Nu Autonomous County, southwest China's Yunnan Province, on April 18

**F**lanked by snow-capped mountains bordering Myanmar in southwest China's Yunnan Province, Dulongjiang Township, named after the Dulong River that winds through it, used to be one of the poorest areas in China. The township is home to people of the Derung ethnic group, one of the ethnic minorities in China that has the smallest population. Before the founding of the People's Republic of China (PRC) in 1949, the Derung people still lived an insulated and primitive life.

It was not until 1999 that a road was built linking the area to the outside world, making it the last township in China to be connected by road. Access to the township was still blocked by snow for almost six months a year until a tunnel was completed in 2014.

One of the smallest and most isolated minorities, with less than 7,000 people, the Derung ethnic group shook off poverty in 2018. On April 11, the people in Dulongjiang received a letter from President Xi Jinping, congratulating them.

"Making it possible for people of all ethnic groups to have a good life has been my aspiration as well as our common goal," Xi wrote in his letter.

Yunnan, which borders Myanmar, Laos and Viet Nam, has 25 ethnic minorities. The vast mountainous areas in the province have been identified as a major target for the government's poverty alleviation.

## Paving the way

Gao Derong, 65, the former head of the township and a key figure in leading local people out of poverty, read the letter from Xi to his fellow townspeople and could not hide his excitement.

"The life of the Derung people in recent years has changed dramatically," Gao said. "The president encouraged us to build a good homeland, guard the border and create a better future in his letter. We will keep this in mind and work harder on reaching greater goals."

After graduating from a normal school in Nujiang Lisu Autonomous Prefecture, Gao returned to his hometown, worked as a teacher in a primary school and helped wipe out illiteracy. Gao is one of the few people of his generation in his hometown to have gotten an education. In 1984, he started to serve in the township government with the ambition of lifting the local people out of poverty.

Even after he was promoted to

higher positions in Gongshan Dulong-Nu Autonomous County, to which Dulongjiang is subordinated, and higher Nujiang Lisu Autonomous Prefecture, Gao still spent most of his time working in Dulongjiang.

"Before the founding of the PRC, people in my township lived by hunting and slash-and-burn agriculture," Gao said. "No Derung people could speak Mandarin and people still used knot-tying to keep records."

When Gao served in the government, there were no roads, no regular schools and no businesses in the township. The rolling hills and harsh climate made it difficult to even build a road. School-aged children would have to slide along a steel wire above the roaring Dulong River to get to county schools. Landslides, avalanches, wild animal attacks and traffic accidents made life extremely harsh.

As a witness to the township's transformation from longtime poverty, Gao concluded that there were three major phases that were crucial to the township's development. The first was the founding of the PRC, which led the township from a primitive society to a socialist one. The second was when the road to the township was constructed in 1999, and the latest phase, which began after 2010, was when the government of Yunnan launched a project to lift

the Derung people out of poverty.

A visitor surnamed Wang from Beijing visited the township in 2007. He still remembers a notice he found pasted on the wall in the township during the Spring Festival.

"It said that someone donated 10,000 yuan (\$1,470) to the township and that the township decided to divide the money among all the residents. It meant in the end, each person got less than 2 yuan (\$0.29)," Wang told *Beijing Review*. "It was the Spring Festival, the most important of all Chinese holidays, and each person only received that small amount of money. It was astonishing."

Under such harsh conditions, Gao meticulously explored methods to increase local income. As he saw it, the advantage of the township was its superb ecological environment, with more than 95 percent forest coverage, as well as rivers, waterfalls, deep valleys and mountains.

Thus, ecological protection was made a top priority. "A well-preserved ecological environment is the great treasure passed down to us by our ancestors," Gao said. "We will spare no efforts to protect it."

Eventually, he found a way to bring both economic benefits to the locals and do no harm to the environment: They started planting amomum tsao-ko, a spice and me- ▶▶



Gao Derong, former head of Dulongjiang Township, works on an amomum tsao-ko field on March 18, 2013



A Derung woman weaves a blanket at home in Dulongjiang Township in Gongshan Dulong-Nu Autonomous County in December 2017

dicinal herb, which is well-suited for the local climate.

Gao set up a base offering free training to the townspeople and in order to encourage more of them to learn the process, he also provided free accommodations and meals.

This created a sharp rise in locals' income. So far, there are more than 4,000 hectares of amomum tsao-ko farmland in Dulongjiang.

"The market for amomum tsao-ko has been growing in recent years, which has led to a boom in locals getting involved in the business," said Zhang Jun, Deputy Director of the Publicity Department of Gongshan. "In addition, we have developed planting of paradis, another medical herb, and beekeeping, along with cow and chicken breeding, which have all greatly expanded locals' income sources."

Zhang said that in 2018, the average income of local people was 6,122 yuan (\$900), an increase of 23.5 percent from 2017. Amomum tsao-ko alone brought in 7.43 million yuan (\$1.09 million).

Furthermore, the forestry department in Nujiang Lisu Autonomous Prefecture has made all the people from 195 impoverished Derung households ecological rangers, providing them with an income for protecting the forests in their native land.

In the process, various levels of government support has offered a boost. In 2010, the provincial government implemented entire village advancement projects as well as pilot projects for the improvement of entire townships, with Dulongjiang included. Financial aid and related programs from the government put the town's development on a fast track.

During the 13th Five-Year Plan period (2016-20), the Central Government set the target of achieving an annual gross regional product growth of over 8 percent in ethnic minority regions.

In 2017, China demarcated three regions and three prefectures as the poorest areas in the country. The three regions are located in southwest China's Tibet Autonomous Region, four areas in south Xinjiang Uygur

Autonomous Region, and Tibetan-inhabited regions in Qinghai, Sichuan, Yunnan and Gansu provinces in northwest or southwest China. The three prefectures are Linxia Hui Autonomous Prefecture in Gansu Province, Liangshan Yi Autonomous Prefecture in Sichuan Province and Nujiang Lisu Autonomous Prefecture in Yunnan Province. More resources have been allocated to these areas.

In addition, developed regions in the country's east, including the metropolis of Shanghai, have provided targeted aid for construction projects, industrial development and personnel training.

## Promising future

As a result, Dulongjiang now has a brand new look. Many new houses have been erected along the road, as residents living in uninhabitable conditions have been relocated to new houses. The 4G network covers the entire township and is accessible to quite a few delivery service providers.



A street in Dulongjiang Township on April 18

In the early 2000s, a school covering six years of elementary and three years of secondary education was set up in the township. Children don't have to slide along a wire to attend schools further away anymore.

Moreover, the improvement in transportation has brought tourists to the township, leading some local people to renovate their houses into restaurants and inns to increase their income.

Gao said that there are two directions for the township's future progress: One is to develop the ecological economy and the other is to develop rural tourism.

Tang Xiacong, a 28-year-old local, runs a restaurant with his wife in Maku Village. Their average income each month is about 6,000 yuan (\$882).

"We were relocated three times before we settled down in Maku," Tang said. "The houses we lived in before were made of either bamboo or wood. They were freezing in winter and leaked when it rained. Our house now is built of bricks and is steady and firm with three bedrooms and a spacious kitchen.

My parents said they never dreamed of living in a house like this."

Tang received his education outside Dulongjiang and served in the army for several years before returning to his hometown. These experiences broadened his horizons. In 2014, he came back to his village and opened up a restaurant.

"It has not been just the road and tunnel that have connected the township with the outside world," Tang said. "The 4G network has also linked it up. A growing number of locals are selling their agricultural products on online business platforms."

Tang Jiajia, who also runs a restaurant in the township, is from Lijiang, a city in Yunnan. She followed relatives to Dulongjiang 11 years ago, seeking business opportunities.

She started as a food vendor with her mother, and although the business was not that profitable back then, Tang Jiajia chose to stay because the locals were all very nice people.

Shops in Dulongjiang enjoy a tax-free policy and rent is inexpensive. Thus, she

decided to settle down in the township and married a local man. Her business has since developed into a restaurant. "Now we can easily earn 100,000 yuan (\$14,700) a year," Tang Jiajia said. "With more tourists visiting in the future, we believe the business will get better."

Following the Derung people, two more ethnic groups from Yunnan, the Deang and Jino people, also declared that they had successfully climbed out of poverty.

Huang Yunbo, head of the provincial office of poverty alleviation and development in Yunnan, said a total of seven ethnic minority groups will be removed from the poverty list this year and in 2020, the number is expected to increase to 11.

"Just as President Xi said in his letter, poverty eradication is only the first step, and better days are yet to come," Gao said. "We will work hard to make the better days arrive sooner." **CI**

*(Reporting from Nujiang Lisu Autonomous Prefecture, Yunnan Province)*

# Unpacking Misconceptions

## China has always looked to cooperating with rather than dominating other countries By Wang Peng

The Second Belt and Road Forum for International Cooperation held in Beijing on April 25-27 was a milestone for the Belt and Road Initiative along with international development and global governance. However, it is undeniable that there are still a few misperceptions and misunderstandings about the initiative or other key topics related to China that are in urgent need of clarification. For example, whether China is utilizing the Belt and Road Initiative to pursue its “sharp power” is one of the most heated topics.

In the past years, the Chinese people have joined hands with other countries to extensively consult each other on, contribute to and share the benefits of the Belt and Road Initiative, and have jointly achieved fruitful results. This has caused dissatisfaction, and even panic, in some Western countries, leading them to make up various neologisms to slander China, including the “sharp power” term.

At the beginning of 2018, the U.S. National Endowment for Democracy (NED) published a report titled *Sharp Power: Rising Authoritarian Influence*, which proposed for the first time the concept of “sharp power.” Consequently, some Western politicians and scholars began to publish articles accusing China and Russia of using “sharp power” to influence the cognition and decision-making of other countries in order to maximize their own national interests.

“Sharp power” is in itself a discourse weapon. One of its inventors was Joseph S. Nye, former Dean of the John F. Kennedy School of Government at Harvard. Nye was highly touted in the early 1990s for coming up with the concept of “soft power.” Academic circles generally believe that this concept has dual attributes—beyond a particular academic nature, it implies a certain political and ideological connotation. Objectively, the spread of the very subjective soft power concept has played a propagandist role for the U.S. Government, its democracy and its style in world public opinion.

However, more than two decades later, when China’s soft power construction is booming, its international influence and recognition steadily increasing, and its aid to other developing countries getting bigger, the same scholar arbitrarily creates the derogatory term “sharp power” with the same mixed meaning as before. The only thing that can explain this so-called “academic phenomenon” is the logic of politics, that is, Nye’s political impulse to endorse the U.S. model and offer advice and suggestions to discredit China, which completely overwhelmed his academic consciousness and bottom line.

### A new vision

After the Beijing Summit of the Forum on China-Africa Cooperation (FOCAC)—one of China’s most important diplomatic events in 2018—and in response to deepening consensus between China and Africa on the construction of the Belt and Road, some



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Western media and politicians did not hesitate to accuse China of implementing “neo-colonialism” in Africa with “sharp power.” This is nothing more than adding a pinch of new seasoning to their traditional “China threat” theory.

In the “sharp power” discourse, when the United States provides assistance and donations, markets Hollywood films or spreads U.S. culture in African countries, it is called soft power, and local people spontaneously recognize the U.S. political system, business model and lifestyle through its “charm” and “attraction.”

However, when China adopts a fairer and more equitable and humane model, to help Africans provide for themselves, Western politicians and scholars can’t wait to affix labels to this China-Africa cooperation. Western mainstream magazines such as *Foreign Affairs* and *The Economist*, in conjunction with the NED, have published articles accusing China of using “sharp power” around the world. This trend was quickly picked up by Australia, New Zealand, Germany and other Western countries.

China is doing better and is more welcomed by local governments and the peoples of Africa than other countries in the past. But according to Western media, it is using “sharp power” to conduct political subversion, bribe officials, bully the weak, oppress the people and manipulate the media.

Coupled with the “sharp power” theory is the idea that China is conducting “debt diplomacy” in Africa. In contrast to Western countries, China’s aid to Africa underlines the concept that “teaching a man to fish is better than giving him a fish.” China aims to fundamentally enhance the development capacity of African countries, rather than simply provide food, medicine, etc.

In the past few decades, the Western aid model has consumed a lot of resources from the international community, but it has not changed the actuality of poverty and underdevelopment in Africa. Some African countries have even become poorer after the aid; instead of developing and prospering, they have fallen into the abyss of hunger and civil war.

China’s assistance consists of tackling the root problems, starting with comprehensively improving local society, supplemented by systematic training of local workers and talent to help create a new driving force for development derived from African countries and communities. These fundamental differences in vision explain the underlying reason for the totally different results between the aid models of China and the West. They also explain why more and more African countries are choosing the Chinese model and are willing to join hands with the Chinese people to walk on the road of cooperative development and common prosperity.

### Untenable rhetoric

This has apparently stirred up the envy and hate of Western politicians, media and think tanks, which have directly erupted in the last two years in the form of the accusation of China’s so-called “debt trap.”

According to the logic of this discourse, China anticipated that large-scale infrastructure construction would require substantial capital investment and although the infrastructure projects can promote future economic development and governance upgrading of a



Angolan technicians observe an aircraft engine at a maintenance workshop of Avic Xi'an Aircraft Industry Co. Ltd. in Xi'an, northwest China's Shaanxi Province, on April 16



A man works on a Chinese-built photovoltaic power project in Aswan, Egypt, on March 18

country, in the early stage of development, it does not make money but only burns money. Therefore, China has taken advantage of the adverse conditions of African countries' underdevelopment and lack of funds, and pretended to promise aid for construction, but in fact, while exporting excess capacity, it has pushed African countries into huge foreign debts. Once these countries are unable to repay, China will naturally and reasonably require them to make concessions.

Based on this logic, Western media successfully merged the two

discourse strategies of "sharp power" and "debt trap."

The best refutation of this theory comes from the countries participating in the Belt and Road Initiative themselves.

During the FOCAC Summit, Algeria's Ambassador to China Ahcene Boukhelfa pointed out in an interview with Renmin University of China that since the establishment of diplomatic relations between China and Algeria, both countries have achieved all-around cooperation in the fields of politics, economy and trade. He said the Algerian people are grateful to China for its long-term contribution to African aid and believe that China-Africa cooperation has provided new models and methods for international development, with global referential significance.

Nasreldin Abdalla, First Secretary of the Sudanese Embassy in China, stressed that China's prosperity is a blessing for Africa because it also facilitates Africa's prosperity. The partnership between China and Belt and Road participating African countries is based on mutual benefits and win-win results. In the future, the building of a community with a shared future for humanity by China and Africa will face great challenges, he said, which will make it even more necessary for the two sides to work closely together.

Abdalla refuted the arguments about China's "sharp power," "neo-colonialism" and "debt trap," emphasizing that controlling borrowers by lending money is precisely the crime that Western countries and their financial organizations have committed against African people for more than half a century. In fact, the main creditor of many African countries is not China, but the long legacy of Western countries. Today, these Western politicians and scholars are trying to impose these same crimes on China. But as old friends and good brothers, neither Sudan nor other African countries will agree, Abdalla said. **CI**



Chinese and foreign leaders pose for a group photo with some participants ahead of the opening of the Conference on Dialogue of Asian Civilizations in Beijing on May 15

# Catalyst for Renewal

Dialogue between Asian civilizations pools wisdom for a better shared future

By Ji Jing

The exhibition at the National Art Museum of China in Beijing had an interesting medley. There were paintings by Chinese artists depicting other countries in Asia as well as Chinese landscapes and people drawn by artists from other Asian countries.

"As different countries have different historical, cultural and ethnic backgrounds, they have given birth to different and diverse works of art," Wu Weishan, Curator of the museum, said at the opening of the exhibition on May 10. "However, these artworks have one thing in common: They all reflect the artists' earnest pursuit of beauty and aspirations for peace, prosperity and friendship."

"It's important to organize such exhibitions to give an opportunity to different Asian nations to understand that they have many things in common in art and culture," Ahmad Berwari, Iraqi Ambassador to China, told *Beijing Review*.

Hamzeh Al-Omari, Chargé d'Affaires ad

interim at the Jordanian Embassy in China, shared similar views, saying that he felt the exhibition beautifully reflected the entire Asia. "I'm amazed to see how beautiful Asia is through the eyes of artists from Asian countries," he said.

The exhibition, showcasing the work of 120 artists from 41 countries, is a vivid example of exchanges between Asian civilizations, echoing the theme of the Conference on Dialogue of Asian Civilizations (CDAC), which opened in Beijing on May 15: Exchanges and Mutual Learning Among Asian Civilizations and a Community With a Shared Future.

## Equal dialogue

At the CDAC opening, Chinese President Xi Jinping rejected the theory that different civilizations are bound to clash. "Various civilizations are not destined to clash," he said. "It is foolish to believe that one's race and civilization are superior to others' and it is disastrous to willfully reshape or even replace

other civilizations."

Xi made a four-point proposal to consolidate the cultural foundation of jointly building a community with a shared future for Asia and humanity: treating each other with respect and as equals; appreciating the beauty of all civilizations; adhering to openness, inclusiveness and mutual learning; and keeping pace with the times.

Asia is the birthplace of many important civilizations in the world, such as the Indian, Mesopotamian and Chinese civilizations. There have been frequent exchanges and mutual learning among Asian civilizations throughout history. For instance, Buddhism spread to China and other parts of Asia from India. Ancient Chinese thinkers Confucius and Mencius' philosophy spread to Asia and beyond to provide guidance for human conduct and governance. Astrology and the medical science of Arab countries came to China through the ancient Silk Road. Asian countries have always had a solid foundation in history for dialogue and communication.

Today, cultural exchanges have continued across a variety of fields such as films, literature and cultural heritage protection. The first China-Kazakhstan co-produced film *The Composer* hit the screens on May 17, during the CDAC. The musical chronicles the last years (1940-45) of Chinese composer Xian Xinghai, best known for his *Yellow River Cantata*, in Almaty, Kazakhstan's largest city, and Moscow.

Xi has highlighted the importance of exchanges and mutual learning among civilizations on multiple occasions. In a keynote speech at the UNESCO headquarters in Paris in 2014, he said, "Civilizations have become richer and more colorful with exchanges and mutual learning. Such exchanges and mutual learning form an important drive for human progress and global peace and development."

He proposed the CDAC at the Summit of the Conference on Interaction and Confidence-Building Measures in Asia in Shanghai in 2014 and again at the Boao Forum for Asia Annual Conference in Hainan Province in south China in 2015.

The CDAC is another major international event hosted by China this year, following the Second Belt and Road Forum for International Cooperation in April and the International Horticultural Exhibition, which lasts from April to October.

The event of the CDAC included an opening ceremony, thematic forums, an Asian Culture Carnival and an Asian Civilization Week, involving more than 110 activities that showcased the diversity and charm of Asian civilizations.

More than 2,000 people from 47 Asian countries, as well as from other parts of the world, attended the opening ceremony and forums. The forums explored themes such as sharing governance experience, safeguarding the diversity of Asian civilizations and building a community with a shared future for humanity.

The Asian Civilization Week featured performances, exhibitions and film screenings. In addition, a food festival was held in Beijing, Hangzhou in Zhejiang Province, Guangzhou in Guangdong Province and Chengdu in Sichuan Province.

## New vision

"He gave a very warm opening speech, expressing his willingness to open arms to all civilizations in Asia and beyond. He emphasized the need to deal with different civilizations on an equal footing. No civilization has the right to be superior. All civilizations have their uniqueness and their share in the human heritage," Oraib Al Rantawi, Director General of the Middle East-based Al-Quds Center for Political Studies, told *Beijing Review*, commenting on Xi's

speech at the opening ceremony of the CDAC.

"Instead of the clash of civilizations, [Xi] emphasized the need for cooperation between civilizations and to build a community of civilizations with a shared future. These are good ideas. They reverse the direction of many developments in the world which are leading to a more confrontational relationship between countries and civilizations," Rantawi added.

Mushahid Hussain Sayed, Pakistani Senator and Chairman of the Senate Foreign Affairs Committee, said the biggest takeaway from Xi's speech was that he rejected the Western notion of the clash of civilizations. "He also made it very clear that there is no civilization which is superior to any others [and] rejected any prejudice," Sayed, who also chairs the Pakistan-China Institute, a nongovernmental organization in Pakistan, said.

"This is setting the vision forward, a vision which is different from the vision in the West, where there's talk of confrontation, conflict, cleavages. But President Xi is talking of cooperation, connectivity or a win-win situation. So we are seeing two different visions," he added.

Yury V. Tavrovsky, a professor of international relations at the Russian Peoples' Friendship University, agreed with Sayed.

"Right now we see two tendencies in the world—one is globalization and the other is de-globalization. The U.S. is trying to destroy the present world order. It has canceled its participation in various global agreements like the Paris climate change accord. But China leads globalization. It offers to the world great ideas like the Belt and Road Initiative and a shared future for Asia and all of humanity. This is very important," Tavrovsky said. "China now offers a new beacon of hope."

Dialogue is the common aspiration of people in Asia, according to a report on the level of mutual recognition released by the Academy of Contemporary China and World Studies, a think tank specializing in international communication research, which interviewed 4,800 people aged above 18 and with an education above high school from 12 Asian countries.

The respondents said the pursuit of peace was their common value and an Asian community with a shared future their common direction of development.

Over 60 percent of them said all civilizations are equal and the diversity of civilizations should be protected. Over 90 percent said Asian countries need to strengthen dialogue and communication.

"The conference can increase the awareness of Asian civilization. Asia has ancient, diverse and rich civilizations. However, for a long time in history Western civilization has

dominated in the world and Asian civilization has been suppressed to a certain extent," Chen Xulong, Director of the Department for International and Strategic Studies at the China Institute of International Studies, told *Beijing Review*.

"The conference highlighted the role of culture and civilization in building a community with a shared future for Asia and humanity. It is a powerful rebuke to those who advocate the theory of the clash of civilizations," Chen said.

"Today's Asia, which boasts over 60 percent of the world's population and one third of the world's GDP, has become an important engine for global economic growth," Xu Liping, a researcher with the National Institute of International Strategy at the Chinese Academy of Social Sciences, said. "Asian civilization will embrace a renewal and the CDAC will be a catalyst for such a renewal."

## Tackling challenges

However, in spite of the pressing need for dialogue and exchanges, there are still challenges.

Rantawi said unbalanced development on the continent is one of the big challenges. "We have rich countries and poor countries. We have millions of people still living in poverty and miserable situations, especially women and children," he said, adding that extremism threatens the cohesion of societies and creates serious security and stability challenges.

Sayed said the biggest challenge is that some powers from outside Asia want to reignite a Cold War. "They are talking of a China threat and containment of China, which is not acceptable," he remarked.

Chen said those who try to create barriers and even conflicts between civilizations and regard their own culture as superior are detrimental to cultural exchanges and cooperation. All kinds of extremism, narrow-minded nationalism and extreme populism are harmful for exchanges and integration between civilizations.

However, cultural exchanges among Asian countries have increased as interconnectivity improves under the framework of the Belt and Road Initiative, he pointed out. In the future Asian countries should work together to increase the frequency and improve the quality of cultural exchanges by building more regional cooperation platforms like the CDAC, he said.

Berwari also spoke about his expectations about the CDAC: "We hope that this will not be the [only] conference but the beginning of a series of activities for Asian countries to, first of all, understand the connectivity between them and second, to have a dialogue on how to take advantage of the common bridges between them." **CI**