

《Memo could lead to trade feud》

US President Donald Trump is expected to sign a memorandum on Monday to announce whether the United States will take the next step toward investigating China's policies and practices on intellectual property, a move that would likely cause more tensions in bilateral trade.

White House officials, speaking on Saturday on background, said Trump is expected to direct US Trade Representative Robert Lighthizer to determine whether to investigate any of China's laws, policies, practices or actions that may be unreasonable or discriminatory or that may harm US intellectual property and innovation technology.

Chinese officials have long insisted that the country has been taking steps to better protect intellectual property rights as part of a larger effort to create a more innovative economy.

Chad Bown, a senior fellow at the Peterson Institute for International Economics, a nonpartisan think tank based in Washington, described the possible action by the Trump administration as dusting off an outdated US trade law that allows the US president to unilaterally impose tariffs on another country.

Section 301 of the US Trade Act of 1974 was used most by the Reagan administration, when Lighthizer served as deputy trade representative.

Bown noted in his article posted on Peterson's website that US trading partners have become increasingly unhappy with such an "aggressively unilateral" approach, with the government acting as police, prosecutor, judge and jury.

"The fallout from Trump's rogue use of yet another outdated US trade law would be considerable," he wrote.

Mei Xinyu, a researcher at the International Trade and Economic Cooperation Institute of China's Ministry of Commerce, said that the unilateral move by the US "might trigger a trade war", while arguing that Section 301 has limited effect.

In the two decades between 1989 and 2009, the trade representative launched many investigations into Chinese companies, he wrote in an op-ed for China Daily. "Despite that, the Chinese economy has developed robustly."

"The use of Section 301 by the US will not have much impact on China's progress toward stronger economic development and a better future," Mei said.

If the US institutes an investigation, it would consult with China and seek interested parties who wish to comment. It would likely to be a hearing, and these investigations can take as much as a year before the US reaches a conclusion, according to a senior administration official.

The official said the executive memorandum Trump is expected to sign is different from an executive order. The memorandum itself does not order a Section 301 investigation. Rather, it authorizes the trade representative to decide.

The official also indicated that no firm decision has been made as to whether the US will pursue a case involving the World Trade Organization.

Wayne Morrison, a specialist in Asian trade and finance with the Congressional Research Service, said that if the US did not use the WTO dispute settlement process, and then imposed sanctions against China, it could generate concerns that the US was undermining the very process it fought to create when the WTO was established.

"China could also challenge the US use of unilateral sanctions in the WTO or might respond with its own sanctions against the United States, which could threaten to cause a trade war," he said. Zhao Ping, director of the international trade research department at the China Council for the Promotion of International Trade Academy, said China, as a major exporter to the US, also has large amounts of imports from the US. If the Trump administration was to apply serious sanctions, it might set potential barriers for US products to enter the Chinese market.

Sino-US relations are of strategic significance, she said. "In addition to trade, the US government also needs China's help in a variety of ways, such as global governance, regional security and anti-terrorism."

Wei Jianguo, vice-president of the China Center for International Economic Exchanges, said rising frictions are normal, but this doesn't mean there will be an intensive trade war, as the two countries and their economic and trade relations have become more interdependent.

The Trump administration has been addressing China-related trade issues in a different approach. If Sino-US trade ties were profoundly altered or damaged, it would possibly end an era of spreading global prosperity, according to Wei.

US consumers and manufacturers should be aware that China has provided them with cheaper and increasingly higher quality products and an increasing magnitude of foreign demand, but the country also lends much of its surplus saving to the US, Wei said.