When Fair Trade Becomes the Core of New American Trade Deal, ——What Will Be China's Strategy?

Zhang Lei, Xu Xin

I.American New Trade Deal highly emphasizes the concept of fair trade.

Based on the authorization of American Law, United States Trade Representative Office submitted "The Agenda of President's Trade Policy in 2017" to United Sates Congress at March 1st. In the agenda, Trump government claims to continue to believe in free trade; this American New Trade Deal also signals that fair trade is becoming its core.

1.In order to achieve the fair trade eventually, Trump government announced to give up following or implementing WTO dispute settlement mechanism. They thought the existing settlement mechanism had violated the idea that rights and obligations of members should not be modified, which had caused constant benefit losses in the arbitration. Therefore, we suggest America place national sovereignty above the multilateral trade system.

2.The Deal shows a clear position to restore the law to revenge against discriminatory foreign trade measures, and punish all the trade measures unfair to America. This report claims that there are many acts in American Domestic Trade Deal, which can authorize America to take unilateral trade action. However, in reality, they just voluntarily handed over the right and let WTO dispute settlement mechanism do the authorization. However, concerning that WTO dispute settlement mechanism cannot properly punish the unfairness in trade, we suggest America return to the traditional path of domestic trade remedy

3.It emphasizes to reach new and more preferable agreements with major market-economy countries. According to the core of this so-called preferable trade deal, it highlights the importance for America to guarantee sufficient fair competition opportunities, and to strictly punish partners' unfair trading measures with the tool of law.

II. American fair trade claim aims at China, we must take it seriously and adopt proper strategies.

Based on the "The Agenda of President's Trade Policy in 2017" promoted by the Trump government, we propose these following advice:

1.We should take a serious attitude and realize that "fair trade policy" proposed by America is not a simple denial towards the WTO dispute

settlement mechanism. Its scope is larger than WTO's concept to provide pension on unfair trade. It is expected that Trump government will provide a more thorough description afterwards. However, though this proposed fair trade concept aims at China, we do not need to take the seat accordingly, or publicly claim that this co-called fair trade policy points to China.

2.In terms of specific measures, our country should focus on the fact that America violates the WTO multilateral trade system. We should, by ourselves or together with other countries, create strong international criticism and emphasize how illegal it is for America to evade the WTO dispute settlement mechanism and take unilateral retaliatory measures towards unfair trade. Faced with this situation, our party may take a tough attitude. Namely, once it happens, we will lodge a suit under the WTO dispute settlement mechanism, and collect retaliatory tariffs towards American import and export commodities. We may even set various tariff barriers to limit the market entrance of American exports ad investors.

3.In the long term, we should notice that America is going to enhance the importance to guarantee fair competition in the newly assigned free trade agreement, which will continue to promote fair trade with full power. This part is associated with real estate rules, state-owned enterprise, competition neutrality, free movement of e-commerce data, medium-size enterprises, environment, and protective regulations of workers. It is likely that America will raise high standards in these areas. Therefore, China should deepen research in these fields from the perspective of free trade, gain observations from both theory and practice, and conclude a position that perfectly suits our benefits.

Translated by Wang Danyang