

This opinion piece by PCI Vice President, Tom Plate, appeared in the South China Morning Post on Tuesday, March 26, 2019.

Opinion

Trade war lesson: when you can't ignore China, learn to be patient and work with the Chinese

- Over time, the issue of intellectual property protection is being addressed by the US and China, and a trade deal might materialise soon
- In dealing with Beijing, both Americans and Europeans need to take a forward-looking approach



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Illustration: Craig Stephens

Time cannot heal all wounds, obviously. But it should be given a fair chance to do its work, before we march off in directions unknown, with consequences wildly uncertain.

An example is the issue of intellectual property protection and international copyright norms. Not long ago, the Xi and Trump governments each seemed to view this problem as impossibly daunting.

It was as if the Americans wanted royalties on everything new under the sun and, in return, the Chinese demanded back residuals on gunpowder, among other things. The issue was one rushing, roiling river you could never cross. But now the waters have somehow receded and, step by step, a delicate path has appeared.

A right time can emerge only if you give it enough time. This is the view of intellectual property expert Kal Raustiala, a law professor at the University of California, Los Angeles, and co-author of *The Knockoff Economy: How Imitation Sparks Innovation*, which has been widely translated, including into Chinese, Korean and Japanese.

Says Professor Raustiala: “I think this is an issue that is sorting itself out over time. My take has been that the US should calm down since China will move toward a better system. And it will, and has. But pushing has been helpful too.”

The IP issue isn't the only example. It is now believed by informed sources that we can soon expect a sensible, though not definitive, mutual accommodation on the bilateral trade firestorm unilaterally initiated by the Trump administration.

Simply put, both sides want a settlement – US President Donald Trump needs it badly and Chinese President Xi Jinping wants it badly – as their negotiators are well aware. The mutual need is so obvious that actual concurrence on every issue is not as important as once thought.

Even the “Rough Riders” on the Trump administration's trade negotiation team are believed to have accepted, however grumpily, that China's encrusted trade and tariff infrastructure is not so blithely reconfigured – maybe not within the swirl of a single four-year United States presidential term.

They are now said to be more willing to be more trusting if Beijing goes along with more verification. The Chinese are receptive, but only if the Rough Riders lower the volume on the cowboy act. Who likes to lose face?

Instead of feeling beaten down and frustrated by Beijing's capable negotiators, Washington's committed team needs to see time as a continuum, as a bridge to the future, not as the enemy of progress.

After all, the reason we humans have to endure the reality of time is because not everything can happen at once, to paraphrase a quote sometimes attributed to Albert Einstein. Imagining it can, as we Americans sometimes do in our impatience, can make us appear out of touch with reality, even immature.

To be sure, huge bilateral issues remain and who knows how much time will be needed to prevent them from further poisoning the all-important China-US relationship.

Huawei and 5G communications networks quickly come to mind. Even though both sides clearly see the problem, they see it through different normative lenses.

For example, one of my sources – a semi-genius code writer for a high-end US company – insists, only half jokingly, that certain sorts of China's software exports deliberately have bugs buried in them in about the magnitude of insect infestation in the Wet Tropics of Australia. I do trust his assessment. What is harder for me to accept is the notion that Western intelligence agencies themselves are blameless in the bilateral infection game.

Similarly, the Trump administration's lead-footed, heavy-handed pressure on allies to steer clear of Chinese 5G gear might strike one more as a symptom of commercial fear than true national security concern. A

forward-thinking response to fears of 5G from China – or anywhere else – is surely to create and market your own 6G.

China's commercial expansionism is threatening the Western world's sense of itself. As if looking for some imaginary panic button to press, as if China were on the road to some mad global conquest, the otherwise urbane Emmanuel Macron seems shaken to his French cuffs.

"The time of European naivety is ended," France's president declaimed. "For many years, we had an uncoordinated approach and China took advantage of our divisions."

But perhaps Macron is adding to the divisions? After all, others in the West, such as the current Italian government, simply don't seem to envision much of a future if it is stuck in the past, and accept China's rise not as an option but as a fact of life: like it or not, let's work with it, goes the reasoning, and let's benefit as best we can, according to our own national interests. This seems a progressive attitude to me.

Just a few decades back, America and some in the West were practically cowering in the shadow of the rising economic Godzilla known as Japan. But that was then, and this is now: so we have a new Oriental monster in China.

The other day the president of the European Parliament, who happens to be Italian, weighed in on Rome's romance with the visiting President Xi, saying Italy "cannot sell a piece of Italian and European sovereignty to the Chinese". Now Godzilla is Han, not Nipponese.

Weak and shallow politicians will say all sorts of silly things but how utterly pathetic they do sometimes sound. Having to deal with China is a fact of contemporary geopolitical and economic life. Deal with it. Be adult. There is no Brexit from China.

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