

The background of the slide is the flag of the People's Republic of China, featuring a red field with five golden-yellow stars. One large star is positioned on the left, and four smaller stars are arranged in an arc to its right.

China today

New and old challenges

The background of the image is the flag of the People's Republic of China, featuring a red field with five golden-yellow stars. One large star is positioned on the left side, and four smaller stars are arranged in an arc to its right. The text "Still there are problems" is centered in the middle of the flag in a golden-yellow color.

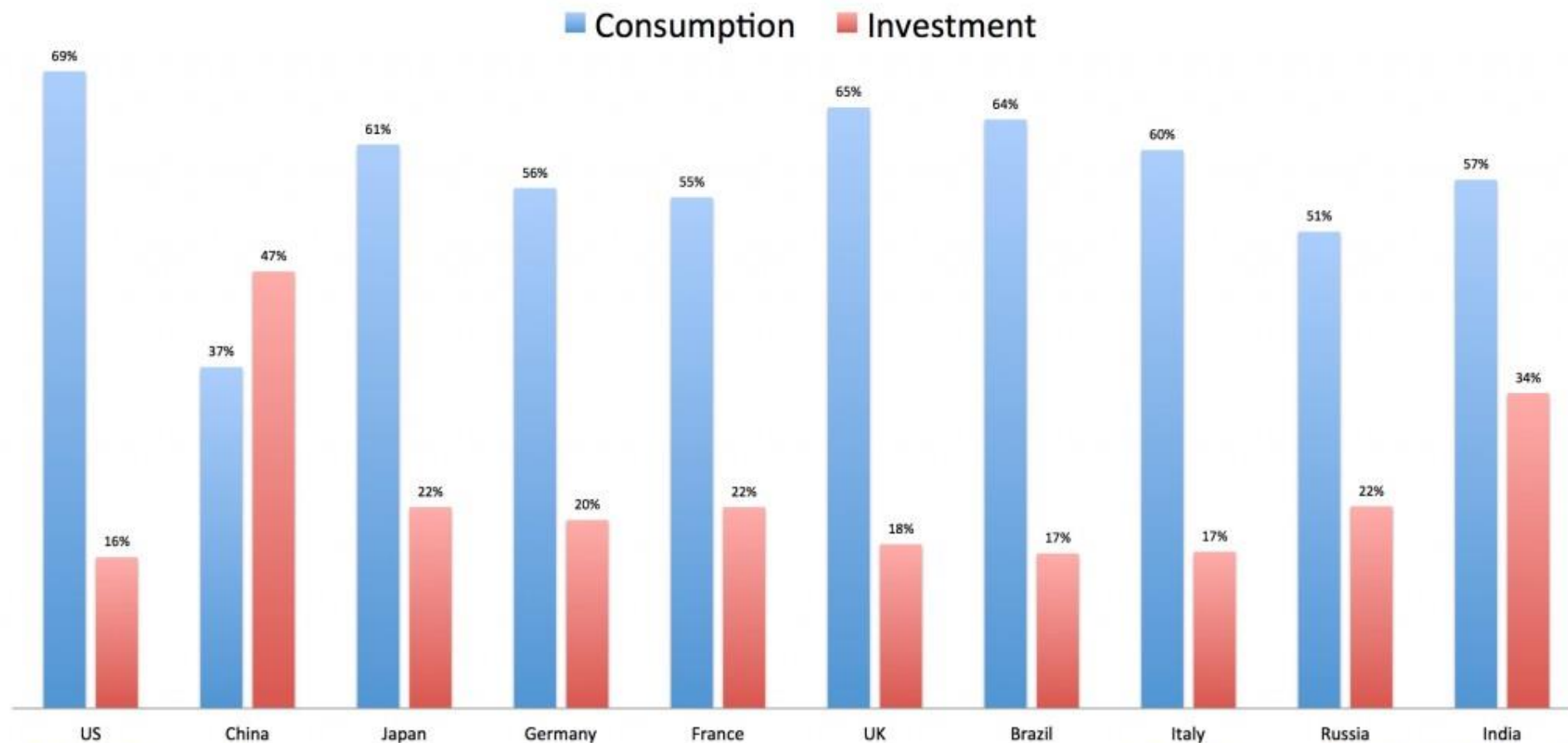
Still there are problems

Caveat

- Excess capacity?
- Capital outflows?
- Inefficient investments?
- Housing bubbles?
- Slower growth or no growth at all?
- Debts?
- Unbalances?

Does this model still work?

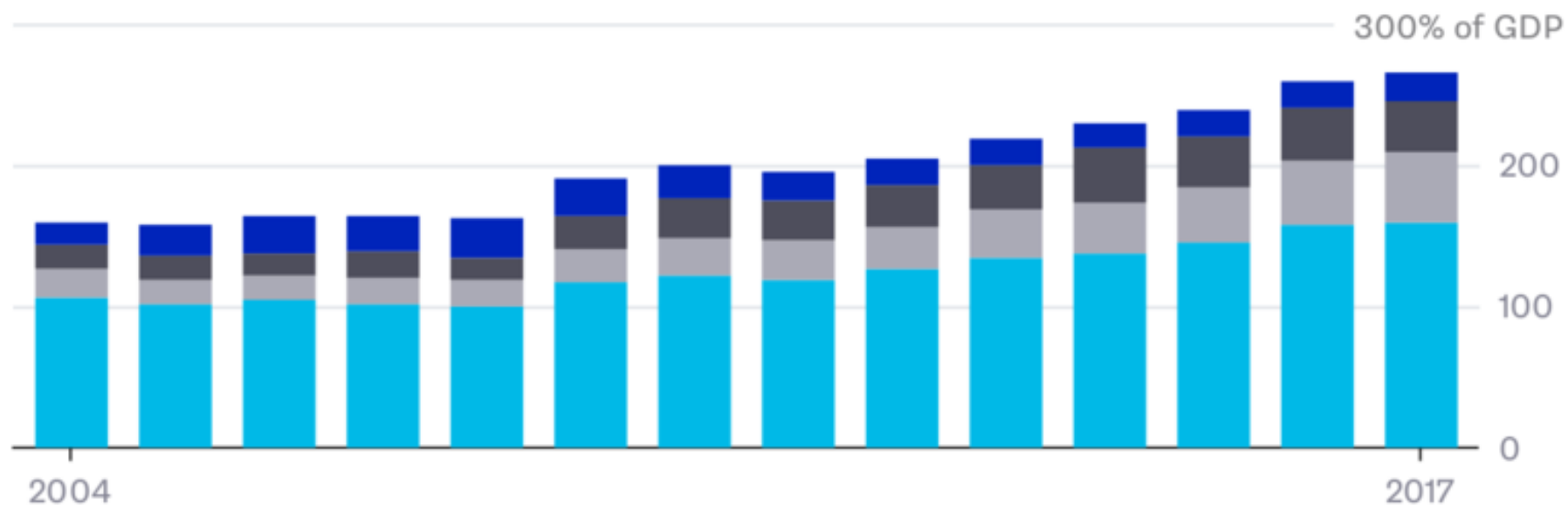
Consumption vs Investment as a % of GDP



Borrowing Binge

China's debt dwarfs its economy

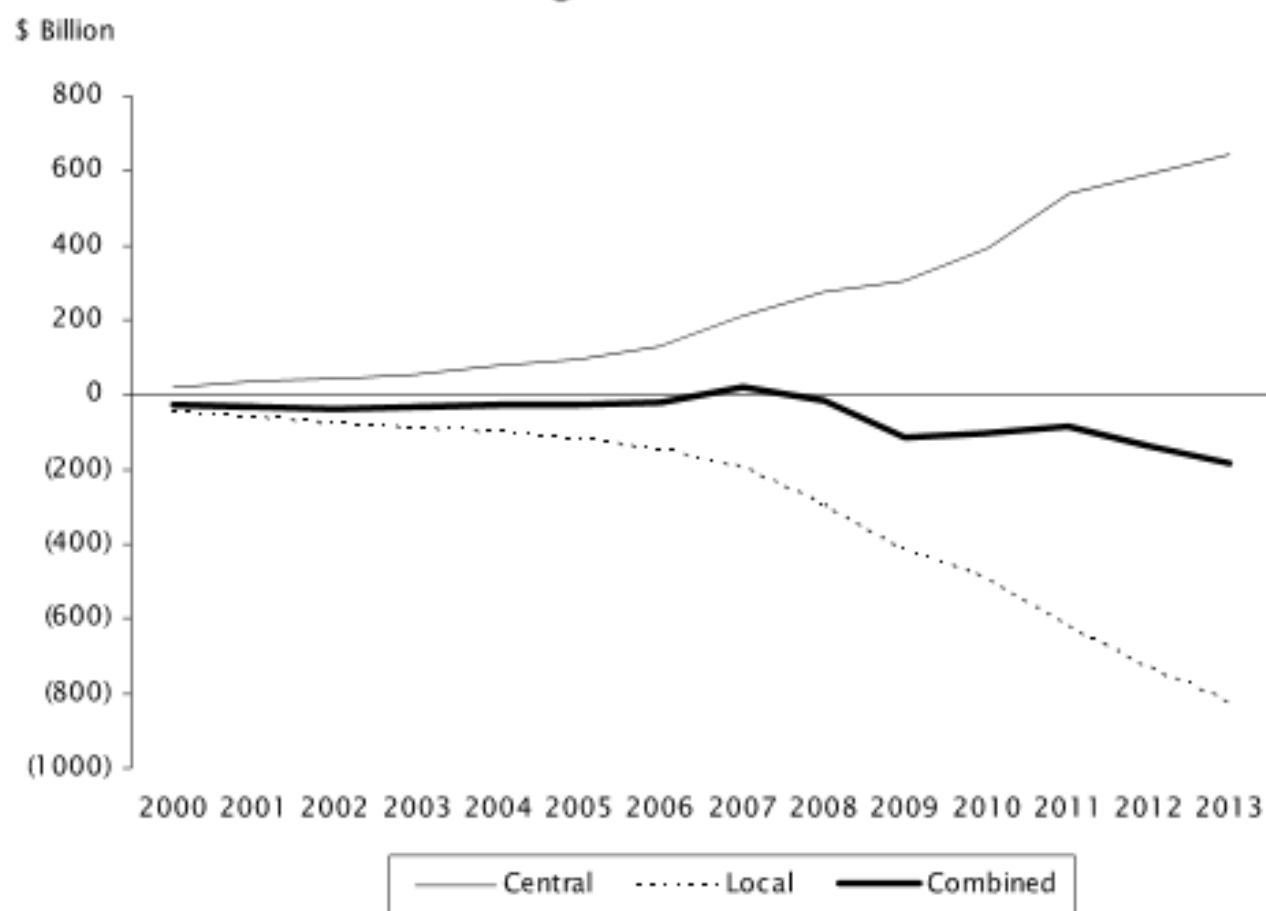
■ Corporate ■ Household ■ Government ■ Bank



Source: Bloomberg Economics

Bloomberg**QuickTake**

Central and Local Government Budget Surpluses/(Deficits) 2000 Through 2013



Source: CEIC, Empirical Research Partners Analysis.

Growth Model (goal: stability)

Old model

- Investment
- Export

New model

- Consumption

Still a dual economy

- Market
60% GDP
50% tax revenue
80% of urban
employment

- Planned economy
Industrial policies and
State owned enterprises
(Soes)
40% GDP

And now?

- Strengths

Second world economy
still growing

Huge domestic market

World legacy

Technology leader?

- Weakness

Unbalances

Need a new growth model

New cold war?

Remember....

Stability is crucial for CCP

CCP power pillars:

- Economic growth
- Nationalism

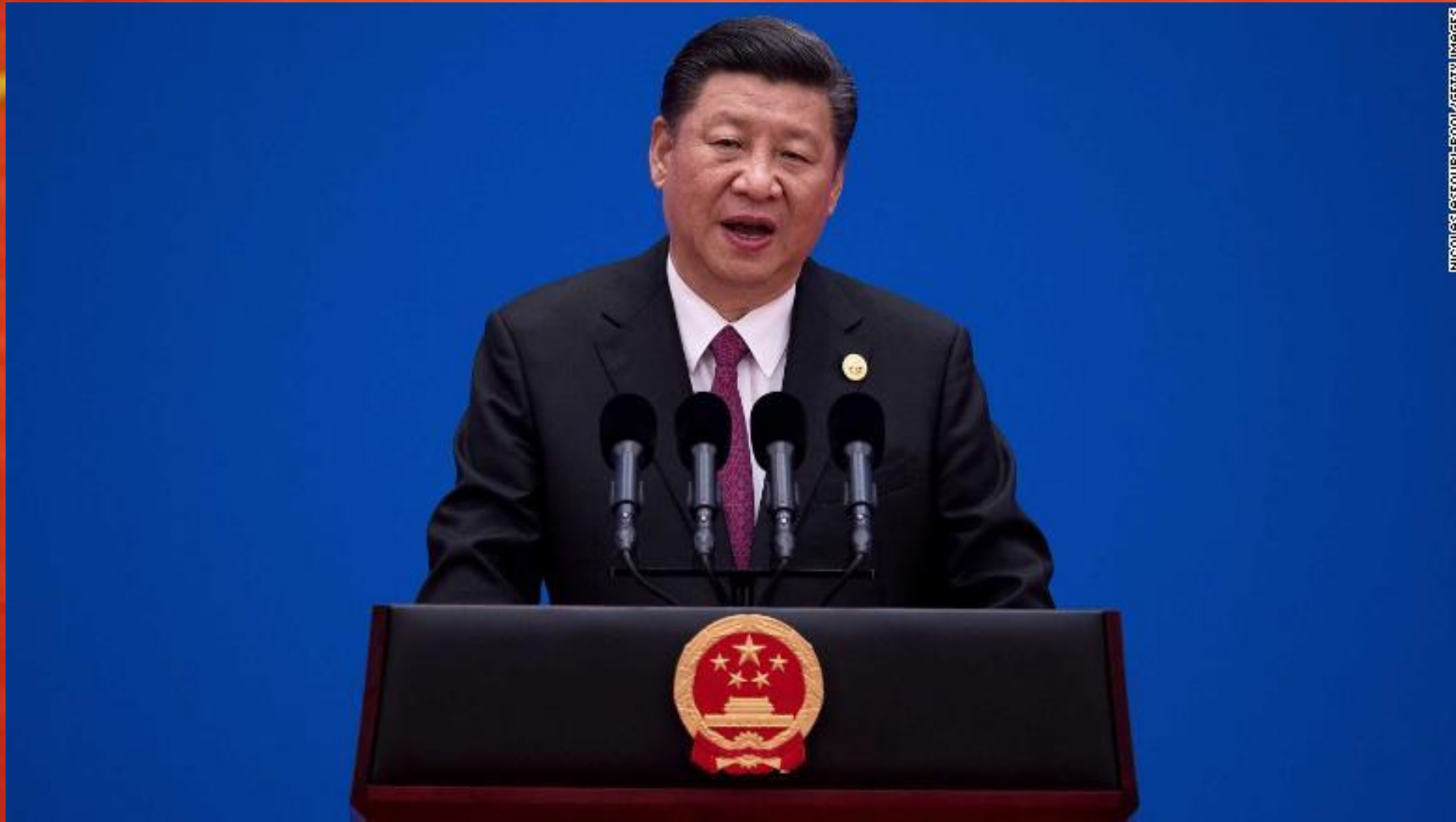
What China is doing

- Corruption
- China 2025
- BRI
- Trade war (that is not a trade war)



Politics

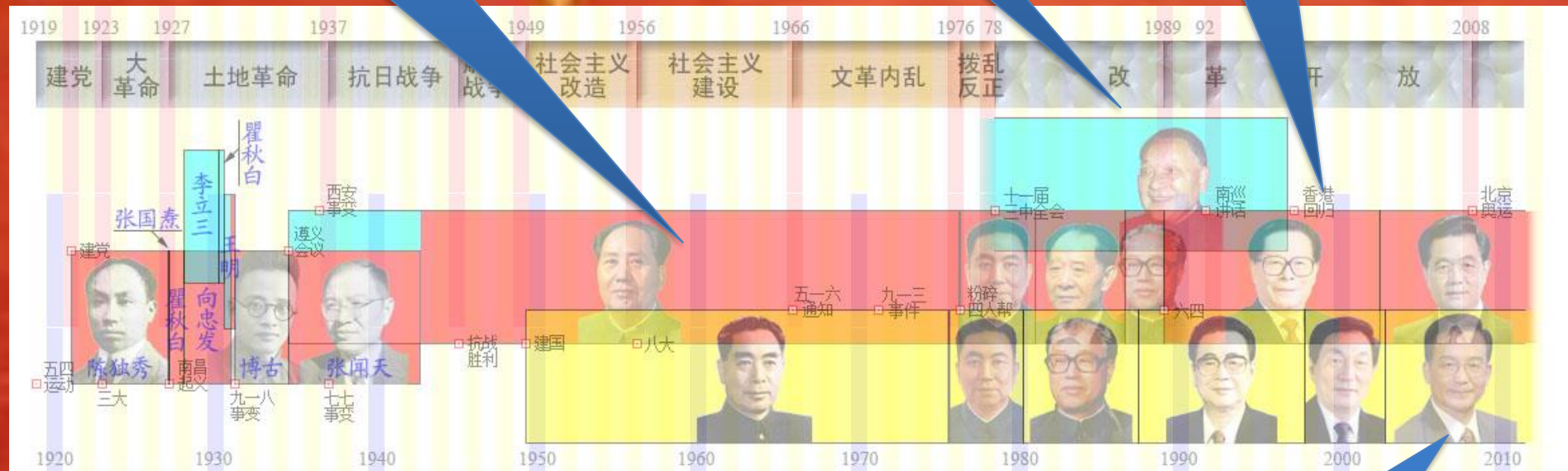
Fifth Generation in power



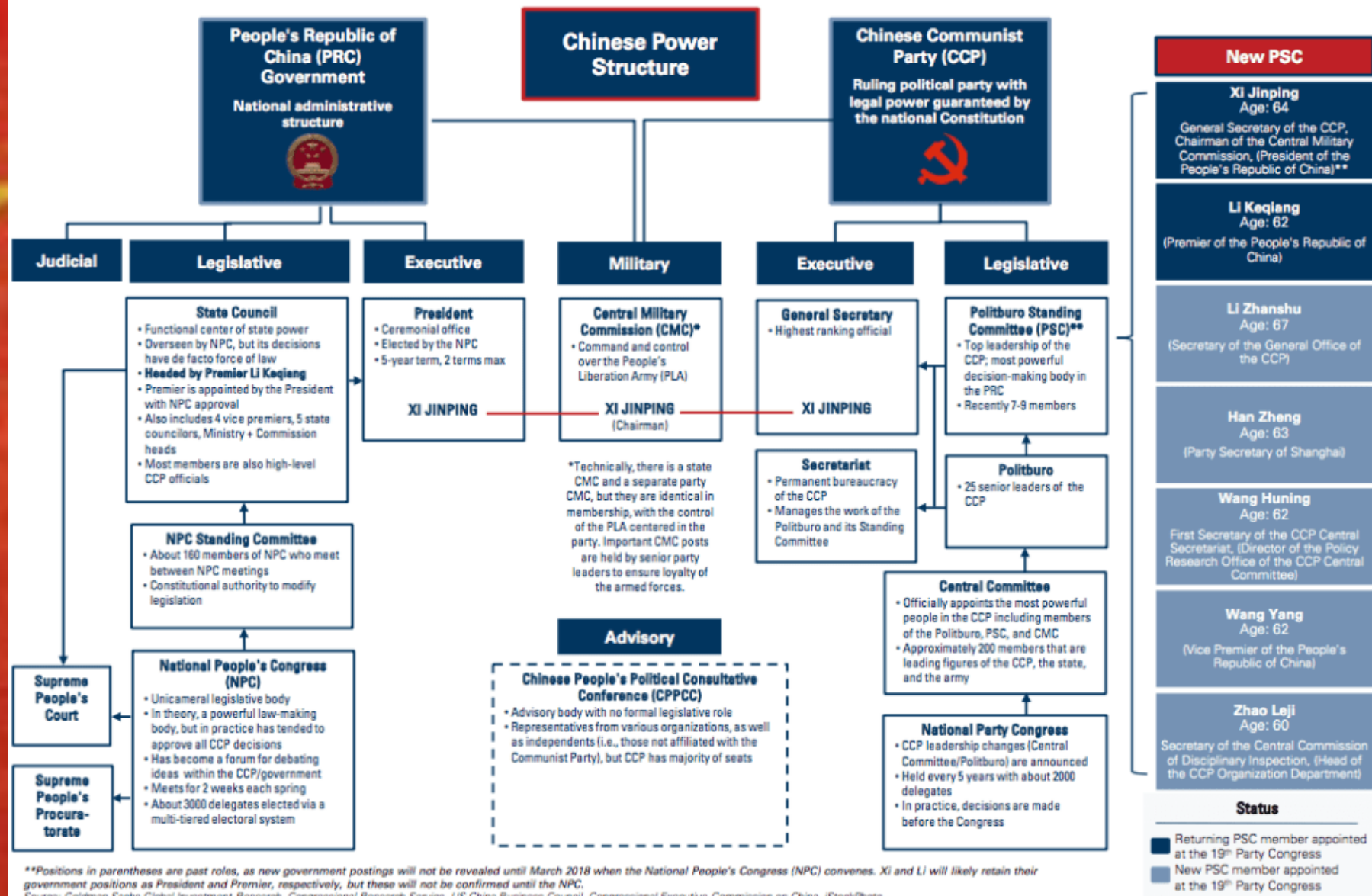
Mao
First generation (8 immortals)

Second
Generation
Hua Guofen –
Deng Xiao Ping

Third Generation
Jiang Zemin



Forth Generation:
Hu Jintao, Wen
zhobao



Communist Party of China power structure



General secretary	1
Politburo Standing Committee	7
Politburo	25
Central Committee	About 200
Delegates to party's National Congress	More than 2,000
Party members	Nearly 90 million
China's population	1.35 billion

Politburo Standing Committee

CHINA'S MOST POWERFUL

Presenting the key men from the all-powerful Politburo Standing Committee of China



XI JINPING (64)
General Secretary of the Communist Party of China

LI KEQIANG (62)



Premier

Remains one of the most public voices for China's economic policies, even as Xi has encroached on his portfolio

LI ZHANSHU (67)



Chief of Staff

Former rural official whose ties with Xi stretch back to the 80s, Li previously served as Xi's de-facto Chief of Staff

WANG YANG (62)



Vice Premier

Known for his folksy manner, has served as key liaison to US & previously headed coastal province of Guangdong

WANG HUNING (62)



Policy Research Chief

The ex-law school dean has served as ideological guru to 3 Chinese presidents

ZHAO LEJI (60)



Personnel Chief

After almost 3 decades climbing the ranks in Qinghai, he recently headed up the party's secretive Organisation Department

HAN ZHENG (63)



Shanghai Party Chief

For the first time in a 3-decade career in Shanghai, he is heading to Beijing after rising through ranks unimpeded by scandals unfolding around him

Source: Bloomberg

HOW THE CCP RULES: CHINA'S LEADERS OF PARTY AND STATE

AFTER THE FIRST SESSIONS OF THE 13TH NPC AND CPPCC
JULY 2018

KEY:

- The Core "The Core" of the Leadership
- Members of the CCP-CC Politburo Standing Committee (PSC) and other national-rank leaders not in retirement
- Members of the CCP-CC Politburo (PB) (vice-national rank)
- Other Leaders of Party and State (non-PB leaders not in retirement with vice-national rank)

Name	Position	Age
①	Official order of PSC Members	
S	Secretary, CCP-CC Secretariat (vice-national rank)	
Name	New to the Politburo at the 19th Party Congress	
PRC	People's Republic of China	
CCP-CC	Central Committee of the Chinese Communist Party	
CMC	Central Military Commission	
NPC-SC	National People's Congress Standing Committee	
CPPCC	Chinese People's Political Consultative Conference	
CCDI	CCP Central Commission for Discipline Inspection	
PS	CCP Party Secretary	
BJ	Ties to Xi Jinping before 2012: BJ: early life/career ties in Beijing SX: personal/career ties to Shaanxi HB: career overlap in Hebei FJ: career overlap in Fujian ZJ: career overlap in Zhejiang SH: career overlap in Shanghai CS: close work relations at center	

FAIRBANK
CENTER
FOR
CHINESE
STUDIES



INFOGRAPHIC BY YUANZHUO WANG AND JAMES EVANS
SOURCES: NEWS REPORTS, CHENG LI: CHINESE POLITICS IN THE
XI JINPING ERA: REASSESSING COLLECTIVE LEADERSHIP (2016)

MILITARY

KEY LOCALITIES

PARTY AFFAIRS

PERSONNEL AND ORGANIZATION

PROPAGANDA AND POLICY RESEARCH

MASS ORGANIZATIONS

LEGISLATURE

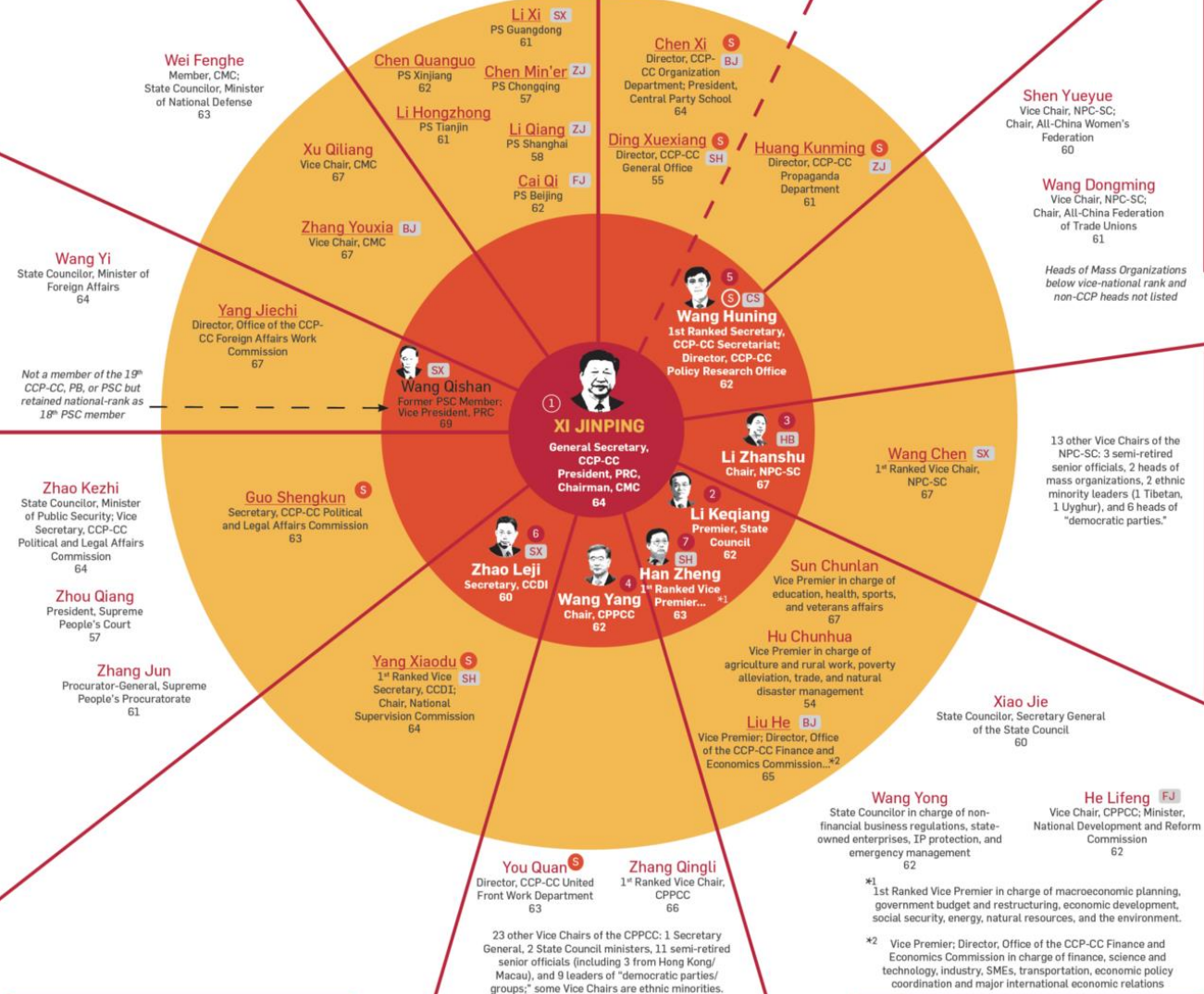
FOREIGN AFFAIRS

JUDICIARY AND DOMESTIC SECURITY

SUPERVISION AND ANTI-CORRUPTION

UNITED FRONT

ECONOMY AND PUBLIC ADMINISTRATION



Not a monolithic power

**Communist youth
league**

Hu Yaobang

Hu Jintao

Princelings

Bo Xilai

Xi Jinping

Shanghai Clique

Jiang Zemin

But moving away from collegiality

- End of the limit of two five-year presidential terms
- Xi Jinping thoughts in the Chinese constitution: "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era"

The 14 principles of 'Xi Jinping Thought'

- Party supreme
- People-centric approach
- Deepening reform
- New development ideas
- Representative institutions
- Rule of law
- Socialist values
- Social welfare
- Coexistence with nature
- Stronger national security
- Party's authority over army
- Reaffirming national unity
- Common human destiny
- Party discipline

Renmin University established the first official research center for Xi Thought under the guidance of the Chinese Communist Party (CCP). By early 2018, the Central Committee of the CCP had officially recognized 10 research centers for the study of Xi Jinping Thought

Universities: what you cannot talk about....

- Universal values
- Freedom of speech
- Civil society
- Civil Rights
- The historical errors of the Chinese Communist Party
- Crony Capitalism
- Judicial independence

Deans of top universities are not necessary Professors anymore.....

Corruption

- All Pvs are highly corrupted
- The problem arises when corruption is not, anymore, an instrument that helps non efficient institutions to work, in a stop to development and growth.
- To fight «tigers and flies»
- It is not clear how it its «selective»
- In the short run can slow growth

Why anti corruption is important?

Corruption was demolishing the base of CCP and its credibility

Corruption was pushing for unnecessary investments

Corruption was creating lobbies within the Communist party

Why anti corruption can be a problem

Chain of command at a medium low level is weaker

Lack of trust

People are afraid to do investment even if needed

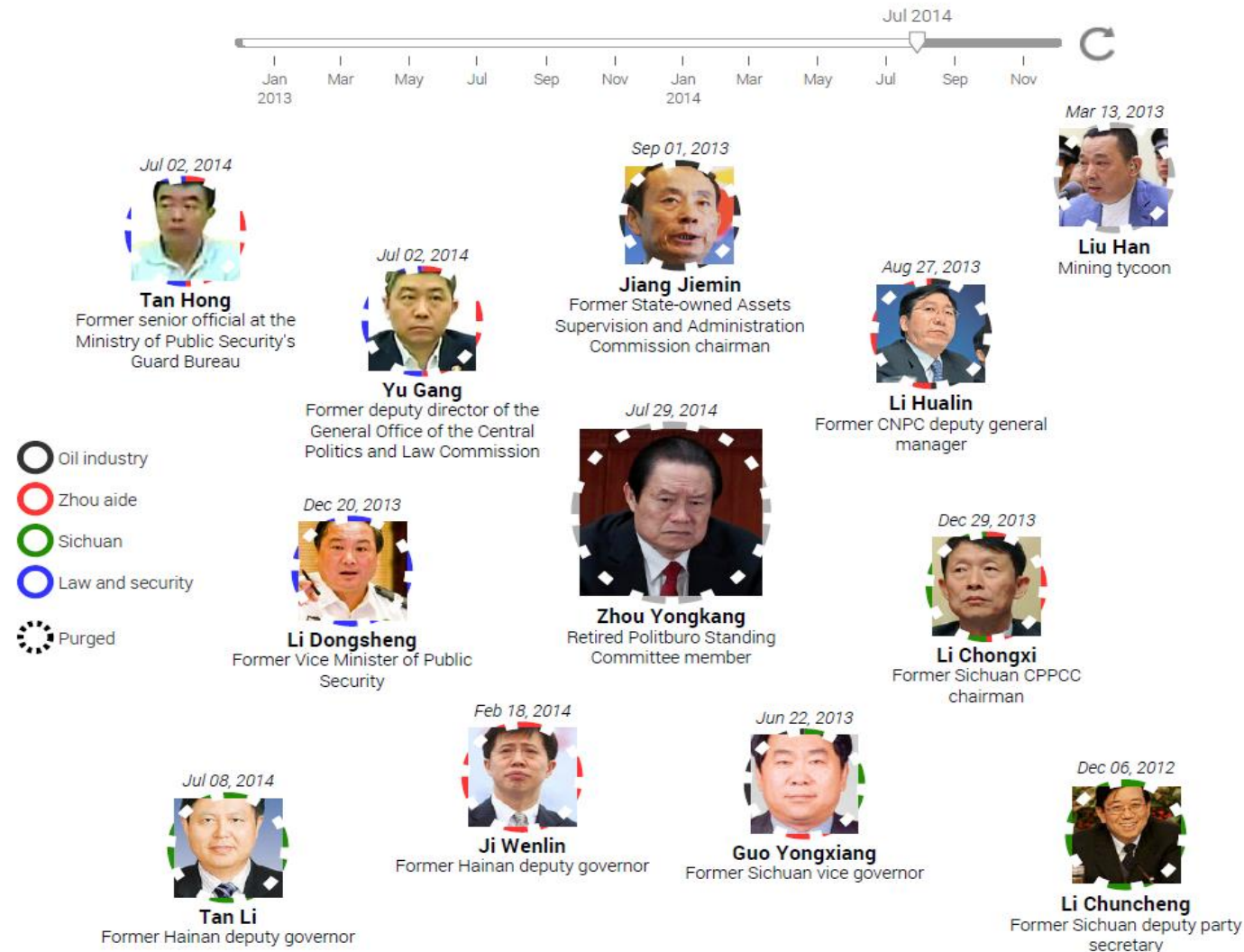
People wait to understand what will happen so this slow down investment

People think about their personal safety

Less corruption means less demand especially for luxury goods



Fight Tigers and Flies



Ling Jihua



Bo Guanghua

Daggers drawn

Some clues on why China arrested the president of Interpol

Officials say Meng Hongwei is suspected of taking bribes. His case has the smell of politics



Asia >

Oct 9th 2018



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CHINA MANUFACTURING 2025

- Labour cost 10% up every year
- Aging population
- Need to control more added value
- Technology gap in many industries
- Some industries are moving to other countries
- Need to change growth model

CHINA MANUFACTURING 2025: industries

- Next generation IT
- High-end numerical control machinery and robotics
- Aerospace and aviation equipment
- Maritime engineering equipment and high-tech maritime vessel manufacturing
- Advanced rail equipment
- Energy-saving vehicles and NEVs
- Electrical equipment
- Agricultural machinery and equipment
- New materials
- Biopharmaceuticals and high-performance medical devices

CHINA MANUFACTURING 2025: goals

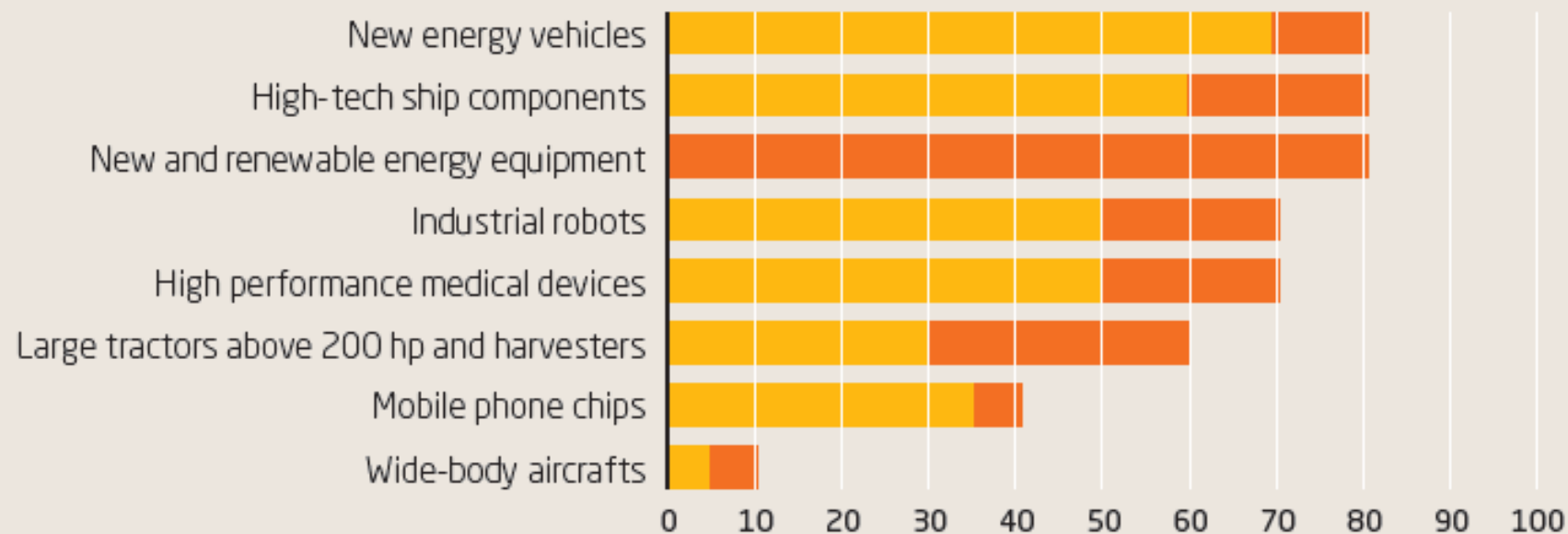
- 40% of basic components and basic materials to be domestically manufactured by 2020, rising to 70% by 2025.
- 30% reduction in operating costs, production cycles and product defect rates by 2020, rising to 50% by 2025.
- 15 innovation centers to be established by 2020, with this number rising to 40 by 2025.

Made in China 2025 aims at substitution

Semi-official targets for the domestic market share of Chinese products (in per cent)



■ 2020 ■ 2025



Source: Expert Commission for the Construction of a Manufacturing Superpower

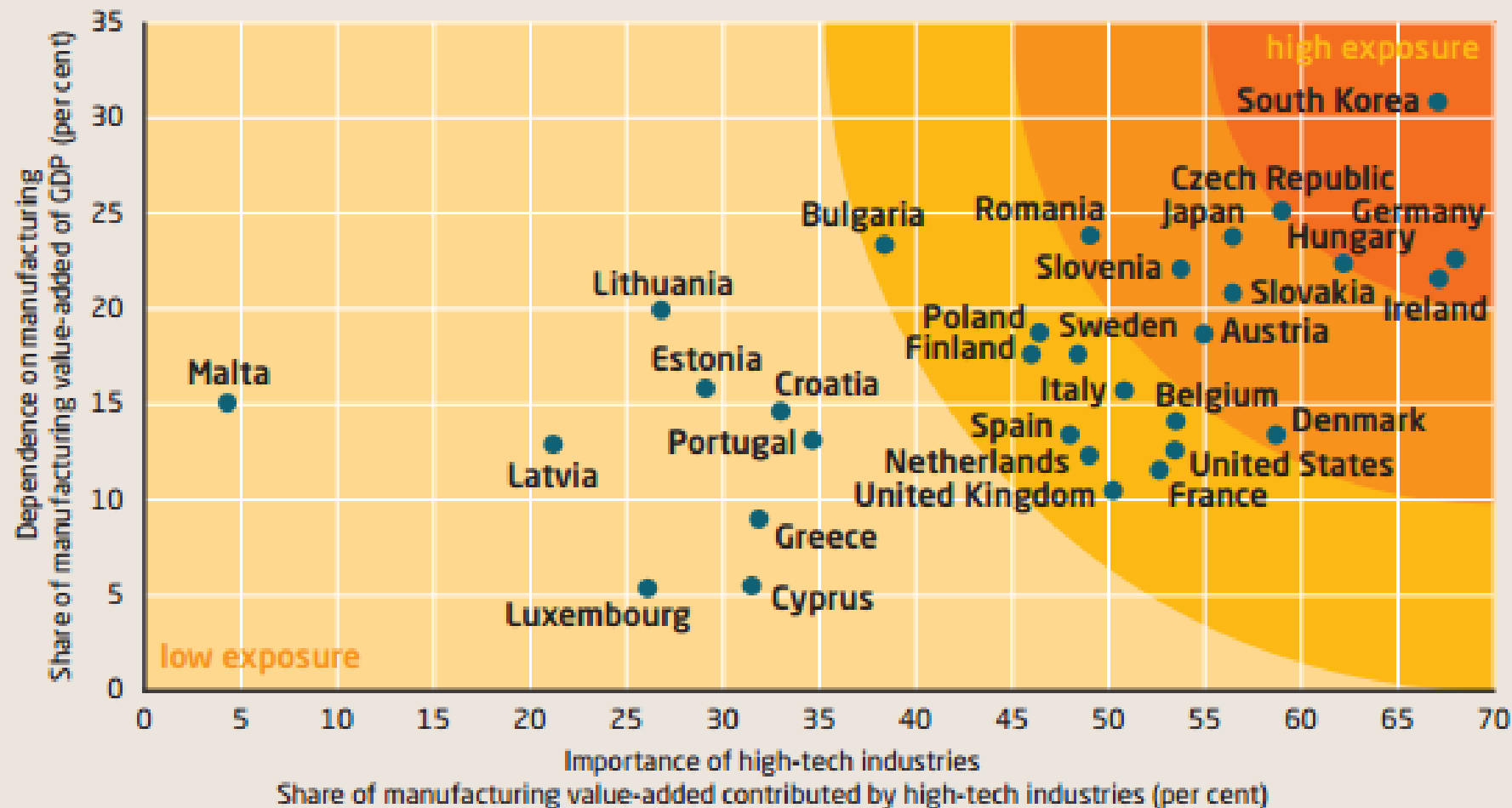
★ Policy Instruments

1. Forced technology transfers in exchange for market access
2. Market access and government procurement restrictions for FIEs
3. Standards
4. Subsidies
5. Financial policy
6. Government-backed investment funds
7. Support from local government
8. Technology-seeking investments abroad
9. SOEs: mergers and politicisation
10. Public-private partnerships

Under Pressure: Industrialised countries will feel the heat of Made in China 2025



Vulnerability of select industrial countries to Made in China 2025



Source: MERICS

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Belt and Road Initiative

BRI 5 Pillars



policy
coordination



facilities
connectivity



unimpeded
trade



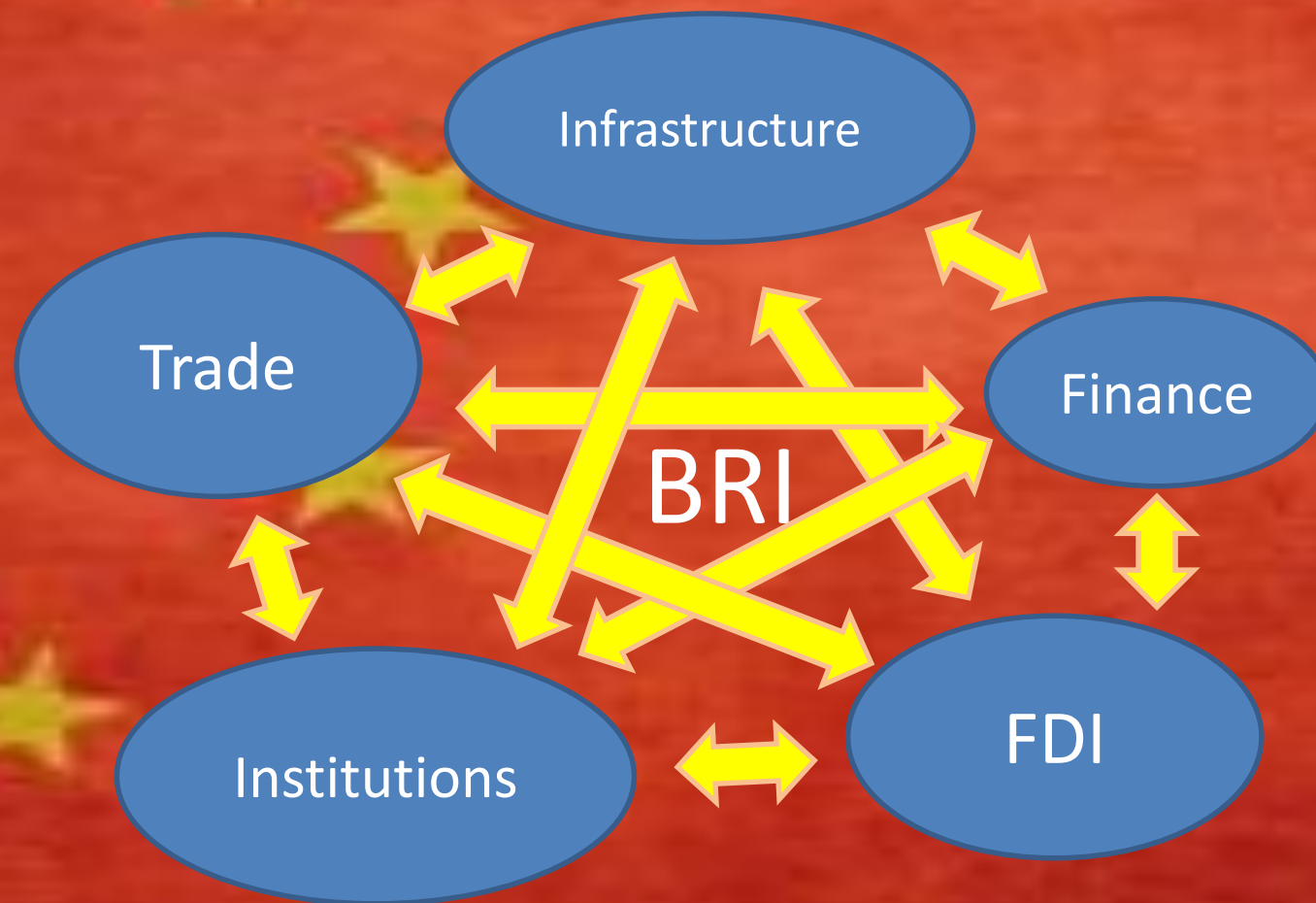
financial
integration



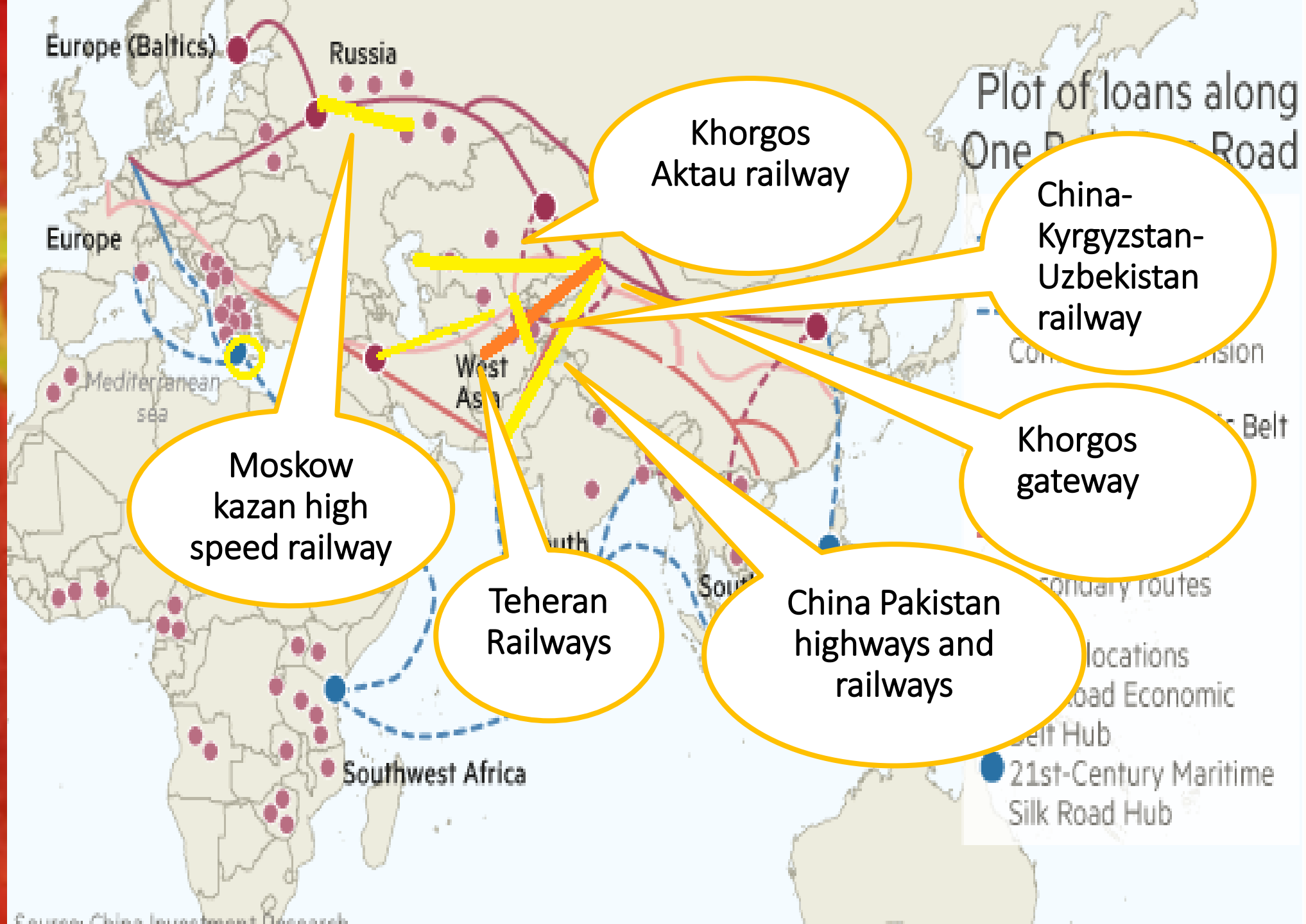
people-to-people bonds

US: China containment → isolationism → decoupling?

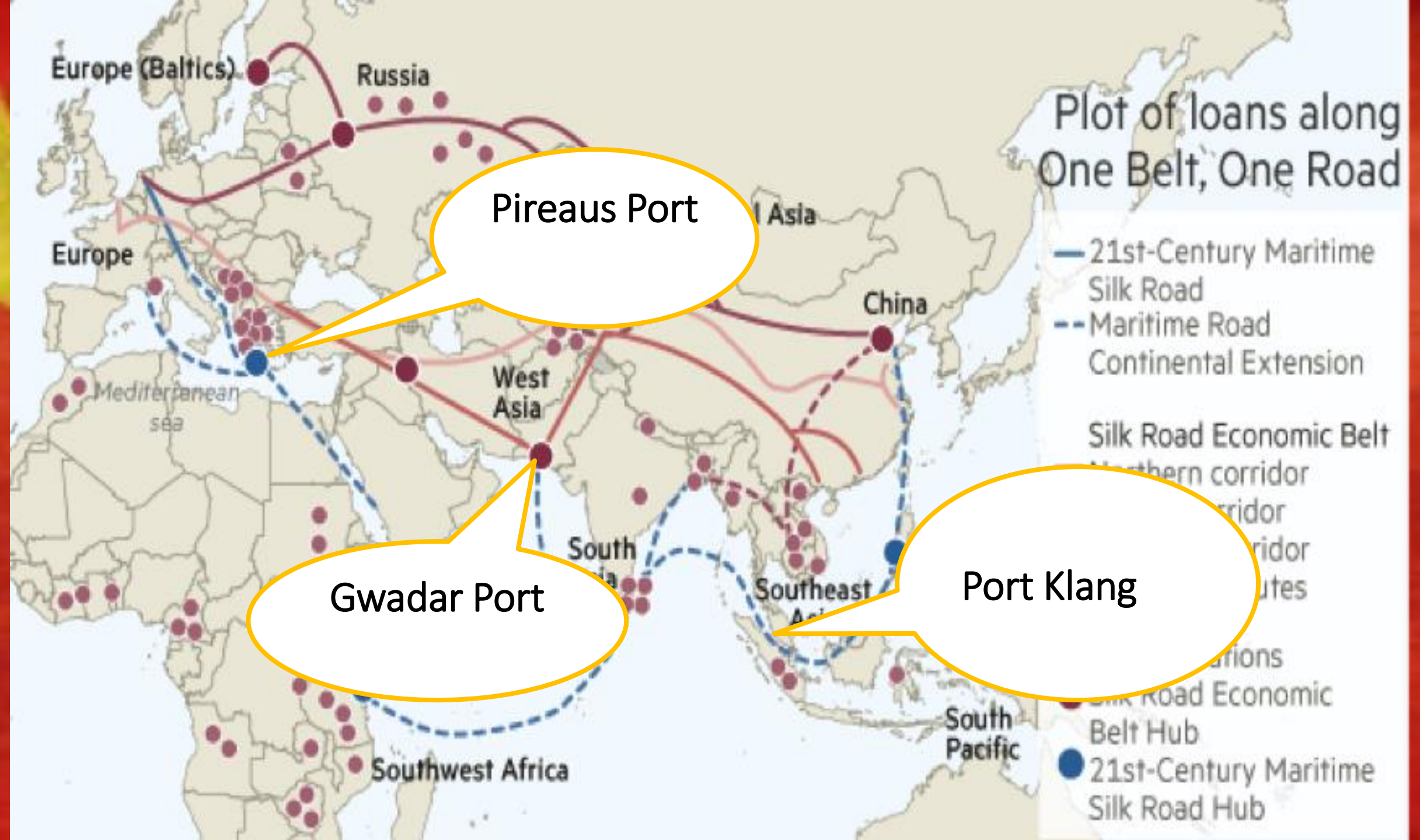








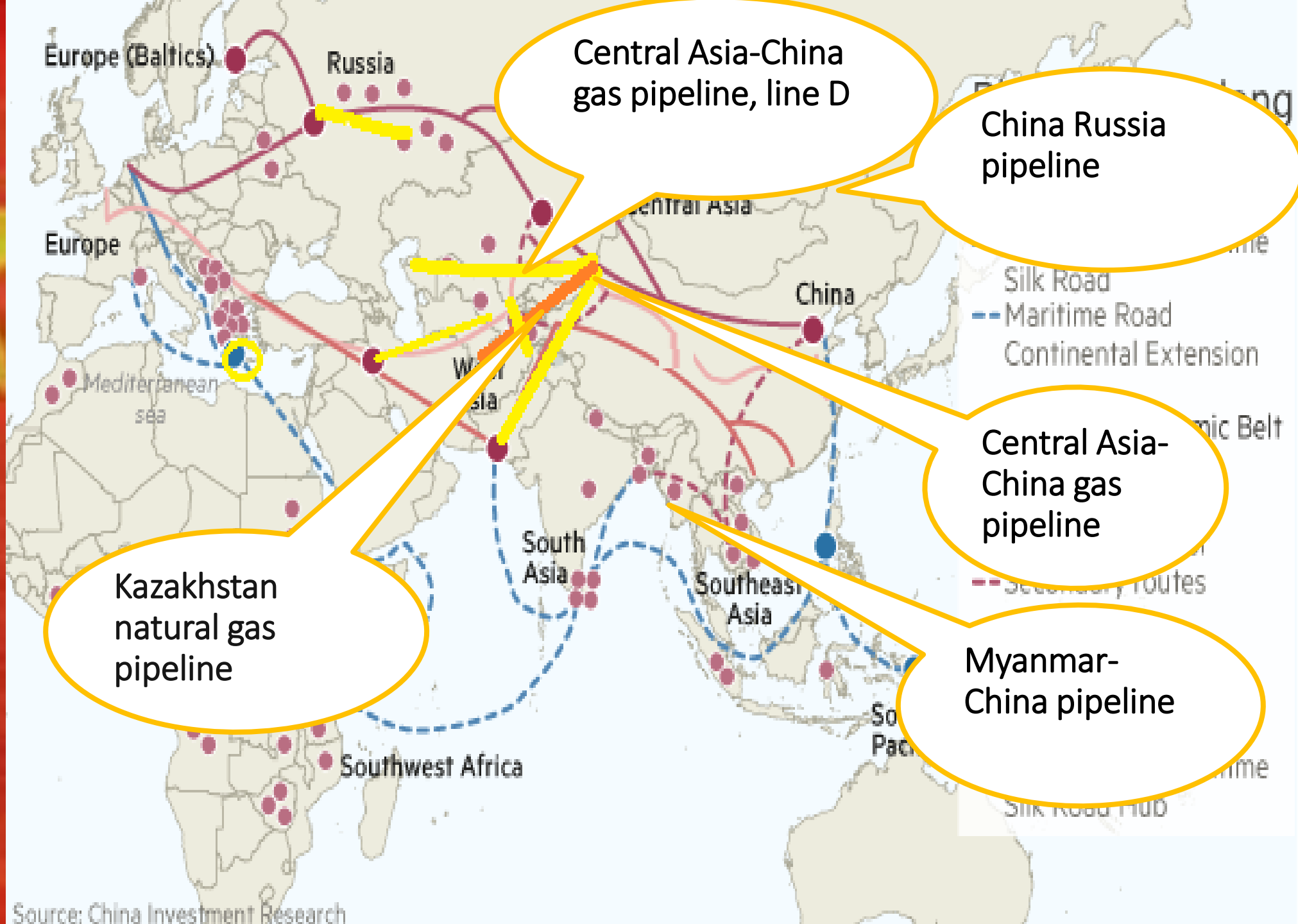
Plot of loans along One Belt, One Road



Pireaus Port

Gwadar Port

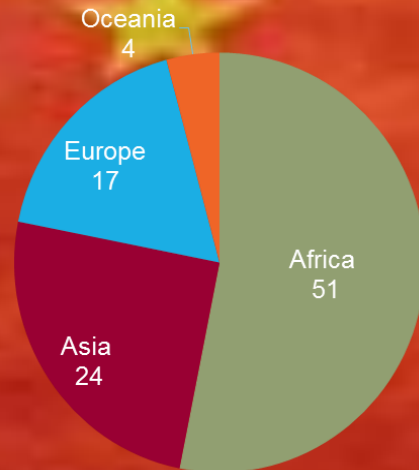
Port Klang



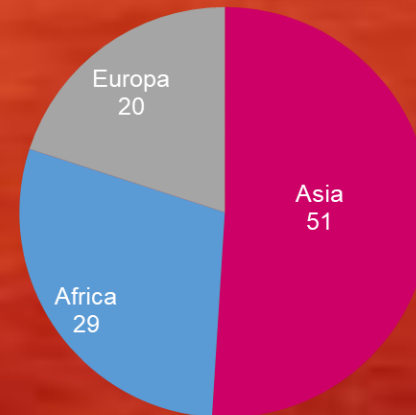
BRI focus on Asia

Chinese Policy bank lending

2013



2015



Infrastructure

Railways

New lines from
China To EU

New lines in EU

Ports

Pireus

New Suez Canal



Change

Transport costs – speed –
reliability

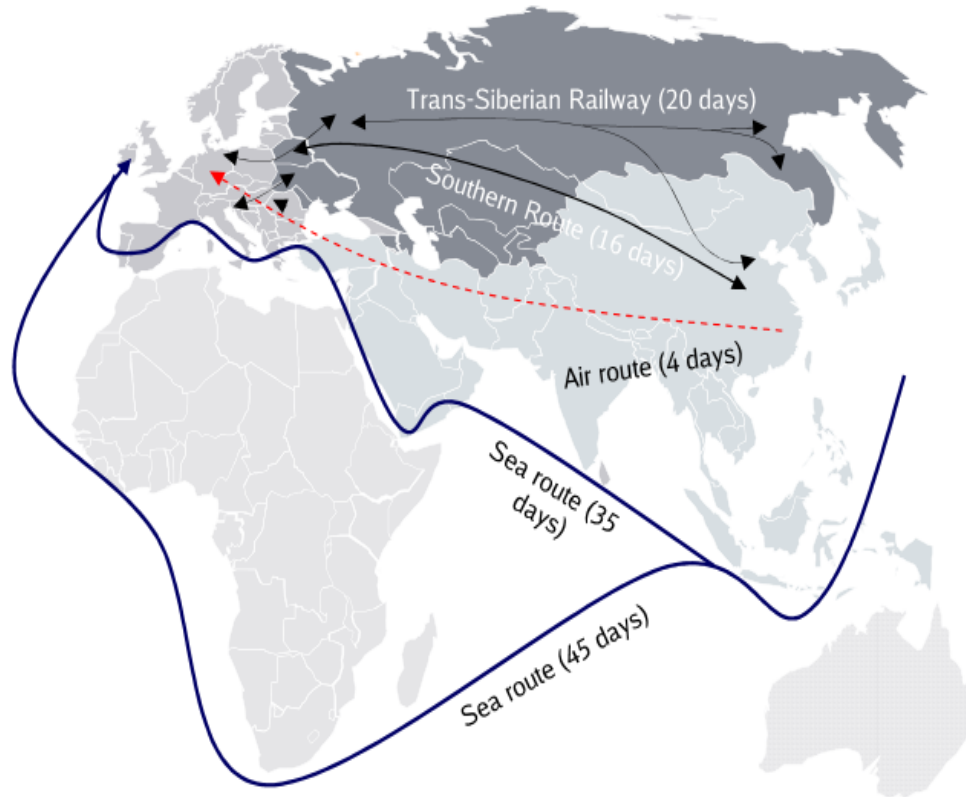
Supply chains

Production?

Railways

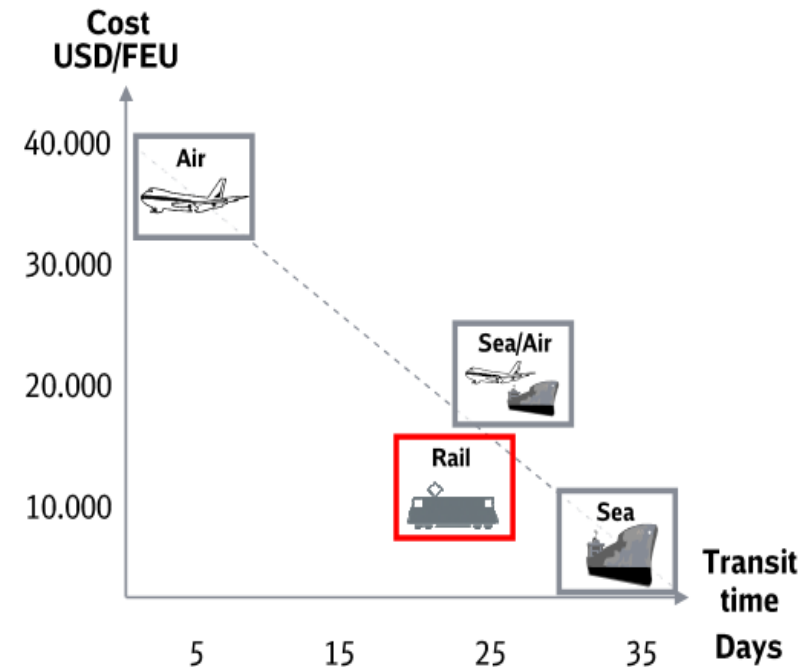


Available trade lanes Asia-Europe (lead times¹⁾)



1) Terminal-to-terminal lead times

Comparison of transport modes CN-EU



Rail is positioned between Ocean and Air offering customers an interesting alternative to traditional modes



Comparison of transportation costs / lead time door-door

One notebook from Chongqing - The Netherlands



USD / notebook	1.4 ¹⁾	4.3 ¹⁾	9	16
Lead Time	38 days	22 days	22 days	4 days

- **Ocean ⇔ Rail** Rail offers a **16 day lead time advantage**. However, price is three times that of ocean
- **Air ⇔ Rail** Rail offers > **70 % price reduction**. However, lead time is 18 days slower
- **Ocean/ Air ⇔ Rail** Rail offers > **50 % price reduction** with same lead time

1) Depends on number of units per 40' Ct - Assumption here is 2.500 units



Trade effects

- Volume effect
- Composition effect
- Logistic effect

Volume effect

Import export with China 2017 (€)

FLOW	IMPORT	EXPORT
GERMANY	72.371.614.529	87.230.537.365
SPAIN	21.451.009.030	6.141.369.340
FRANCE	28.055.059.248	18.860.097.074
UK	52.618.461.594	18.844.764.300
ITALY	28.430.417.879	13.513.861.297
POLAND	16.322.008.861	2.061.704.924

Composition effect

EU 28 China Railways import export

top import

84 machineries

48%

85 electrical machinery

25%

top export

87 vehicles

57%

84 Machineries

20%

Composition effect 410 Capital goods (except transport equipment)

FLOW	IMPORT	EXPORT	% import tot	% Export tot
REPORTER/PERIOD	Jan.-Dec. 2016	Jan.-Dec. 2016		
GERMANY	23.359.639.211	16.990.228.066	33,36%	22,06%
SPAIN	3.613.143.418	397.256.220	18,14%	7,90%
FRANCE	5.851.449.045	1.617.426.369	22,08%	10,11%
UNITED KINGDOM	16.030.692.261	1.908.817.847	30,11%	11,72%
ITALY	5.990.484.586	2.683.708.458	21,96%	24,23%

420 Parts and accessories of capital goods (except transport equipment)

FLOW	IMPORT	EXPORT	%	%
REPORTER/PERIOD	Jan.-Dec. 2016	Jan.-Dec. 2016	Import tot	export tot
GERMANY	9.505.395.501	12.378.102.006	13,58%	16,07%
SPAIN	1.380.520.318	316.013.131	6,93%	6,28%
FRANCE	2.480.615.702	1.641.223.820	9,36%	10,25%
UNITED KINGDOM	3.378.019.877	991.872.497	6,35%	6,09%
ITALY	2.731.882.627	1.382.337.301	10,01%	12,48%

510 Transport equipment, passenger motor cars

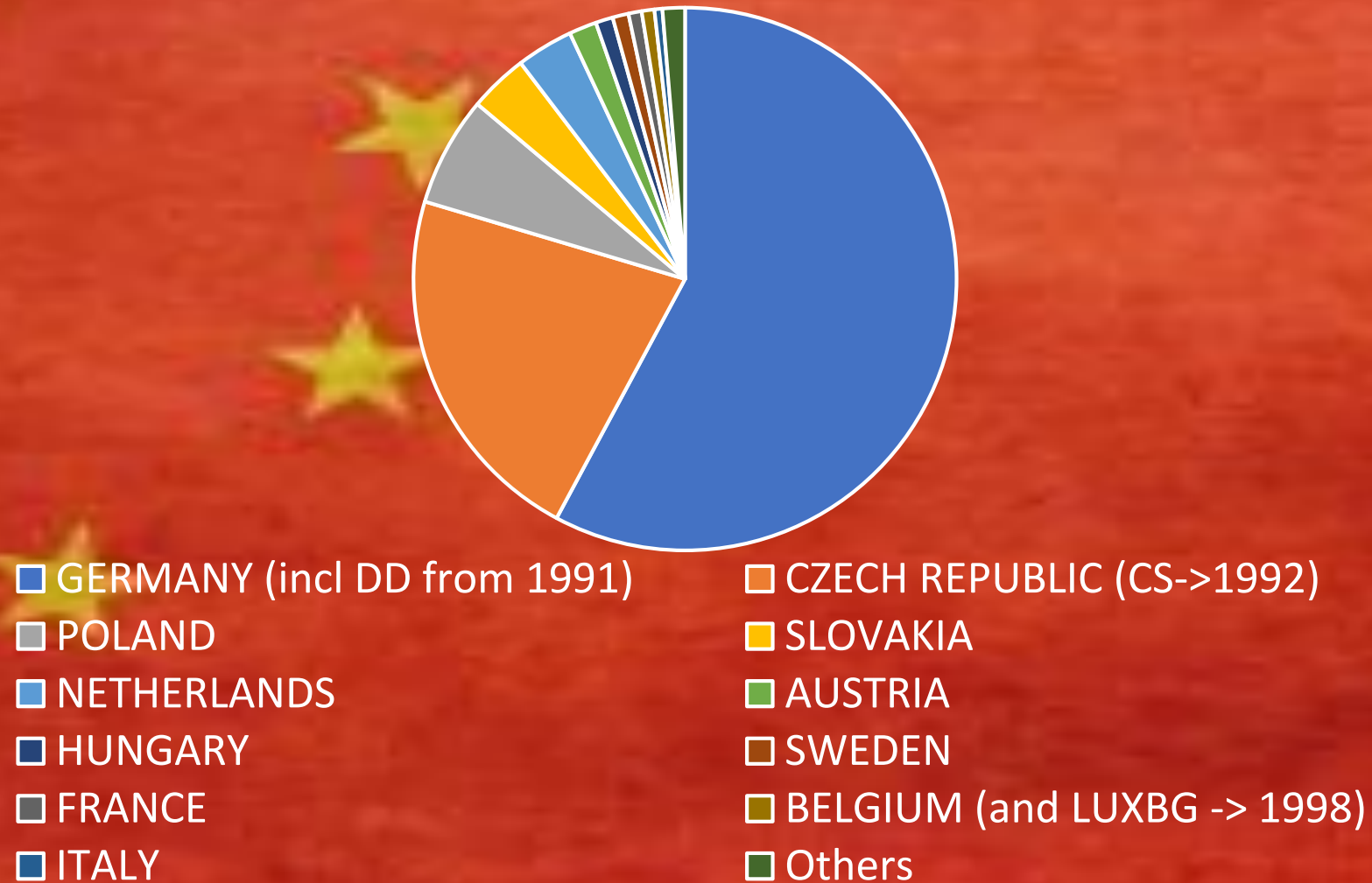
FLOW	IMPORT	EXPORT	% Import tot	% Export tot
REPORTER/PERIOD	Jan.-Dec. 2016	Jan.-Dec. 2016		
GERMANY (incl DD from 1991)	43.054.457	12.664.849.994	0,06%	16,45%
SPAIN	3.916.539	21.992.581	0,02%	0,44%
FRANCE	7.477.410	131.402.477	0,03%	0,82%
UNITED KINGDOM	33.394.752	4.219.008.120	0,06%	25,91%
ITALY	16.977.288	791.958.232	0,06%	7,15%

530 Parts and accessories of transport equipment

FLOW	IMPORT	EXPORT	% Import tot	% Export tot
REPORTER/PERIOD	Jan.-Dec. 2016	Jan.-Dec. 2016		
GERMANY (incl DD from 1991)	2.591.923.125	11.366.303.265	3,70%	14,76%
SPAIN	901.360.204	409.808.181	4,53%	8,15%
FRANCE	1.262.282.827	2.198.526.810	4,76%	13,74%
UNITED KINGDOM	1.990.718.091	1.237.777.483	3,74%	7,60%
ITALY	1.221.442.644	548.517.818	4,48%	4,95%

Logistic effect

Trade Railways EU China 2017



Rail EU 28 export

PARTNER	Jan.-Dec. 2012	Jan.-Dec. 2013	Jan.-Dec. 2014	Jan.-Dec. 2015	Jan.-Dec. 2016
CHINA	332.936.801	1.063.230.789	1.350.198.599	1.769.089.060	4.532.172.272
GEORGIA	15.630.621	9.271.768	10.901.186	7.928.557	10.171.673
KAZAKHSTAN	773.848.210	796.492.405	716.208.151	389.373.015	254.837.808
RUSSIA	6.253.440.559	6.022.183.661	4.377.610.217	2.472.495.122	2.286.076.095

Rail EU 28 import

PARTNER	Jan.-Dec. 2012	Jan.-Dec. 2013	Jan.-Dec. 2014	Jan.-Dec. 2015	Jan.-Dec. 2016
CHINA	1.340.480.299	1.422.718.287	2.316.998.552	3.911.980.800	5.642.748.940
GEORGIA	1.595.216	2.318.592	6.923.458	6.292.795	10.334.446
KAZAKHSTAN	1.088.034.797	1.245.768.332	1.251.062.423	576.594.535	415.003.008
RUSSIA	6.287.424.151	5.414.855.103	5.357.786.089	4.783.812.652	4.441.584.545

Ports



Piraeus

Since the entry of COSCO in the late 2000 Piraeus went from 500.000 to 3.5 million TEU.

Piraeus is planning to move 6 million TEU at the end of the development program

New Suez Canal

It is not only more and bigger Cargos

It is a new port development (6 million Teu capacity in the future)

CHINA–EGYPT SUEZ ECONOMIC & TRADE COOPERATION
ZONE (SETC-ZONE)

New Suez Canal

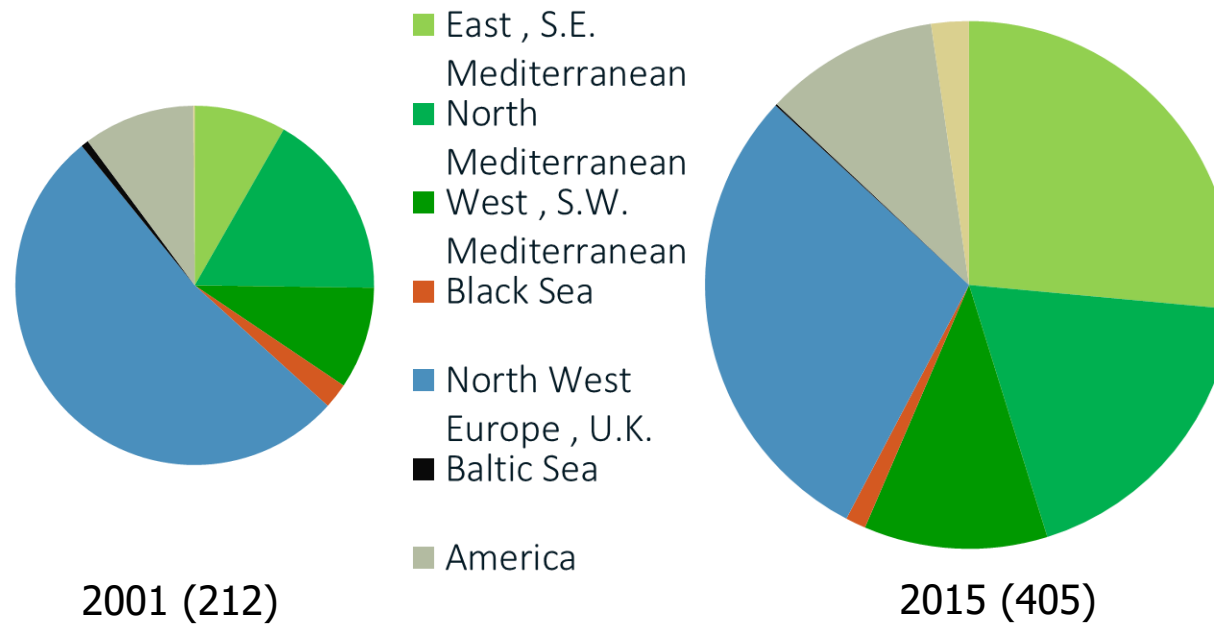
More volumes in the mediterranean sea

Two new Logistic hubs that will compete with the Ports in North Europe but also with some Southern European port

Greece has a competitive advantage being closer to final market + road and railways

Egypt could steal market share also thanks to SEZ

The importance of the mediterranean ports (traffic trough Suez Canal – mil Ton)



Ports extra (excess?) capacity



Total Med ports movements in Teu 2017: 75 million

2017 EU China trade (transport)

	Sea	Rail	Air
Value	62,5	2,0	28,6
Volume	93,2	1,2	1,9

Trade by Rail:

1,6 billion € in 2011

5,6 billion € in 2015

10,5 billion € in 2016

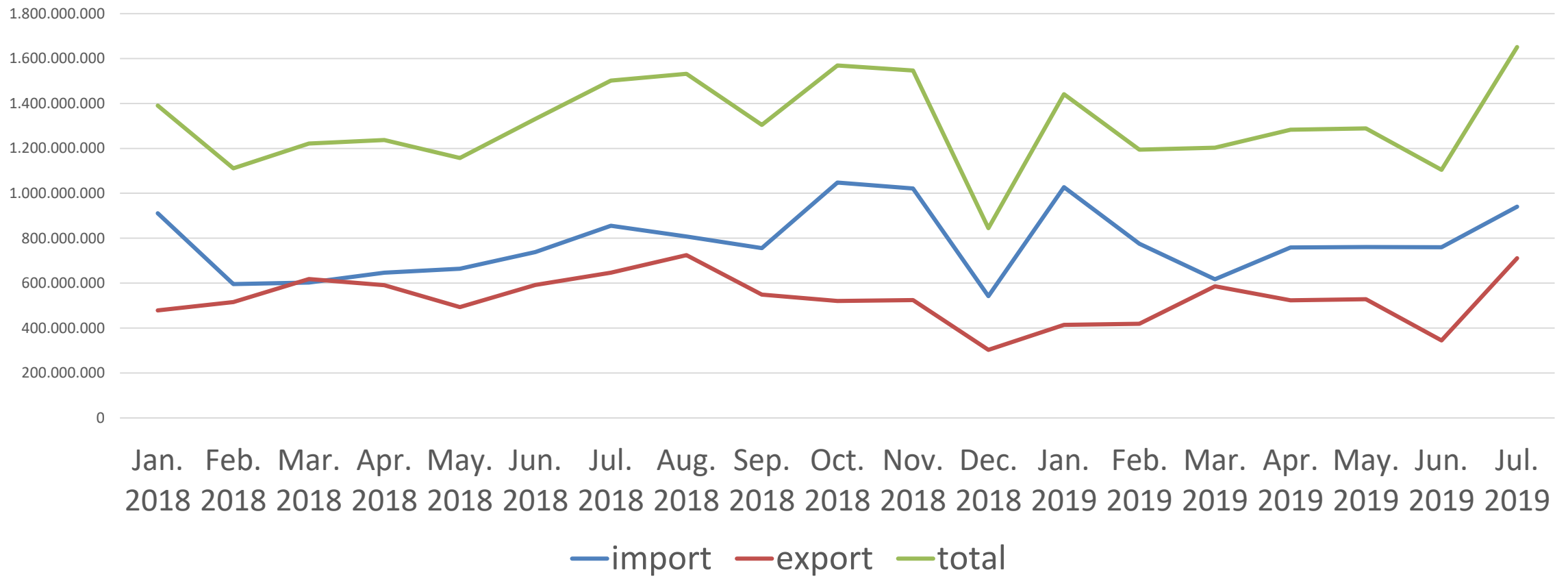
14,9 billion € in 2017

15,7 billion € in 2018

Source: Eurostat

Trade by Railway

Titolo del grafico



China's merchandise trade with BRI countries

(non-seasonally adjusted)

■ Surplus (US\$ bn); left scale

— Exports (% change, year on year); right scale

— Imports (% change, year on year); right scale

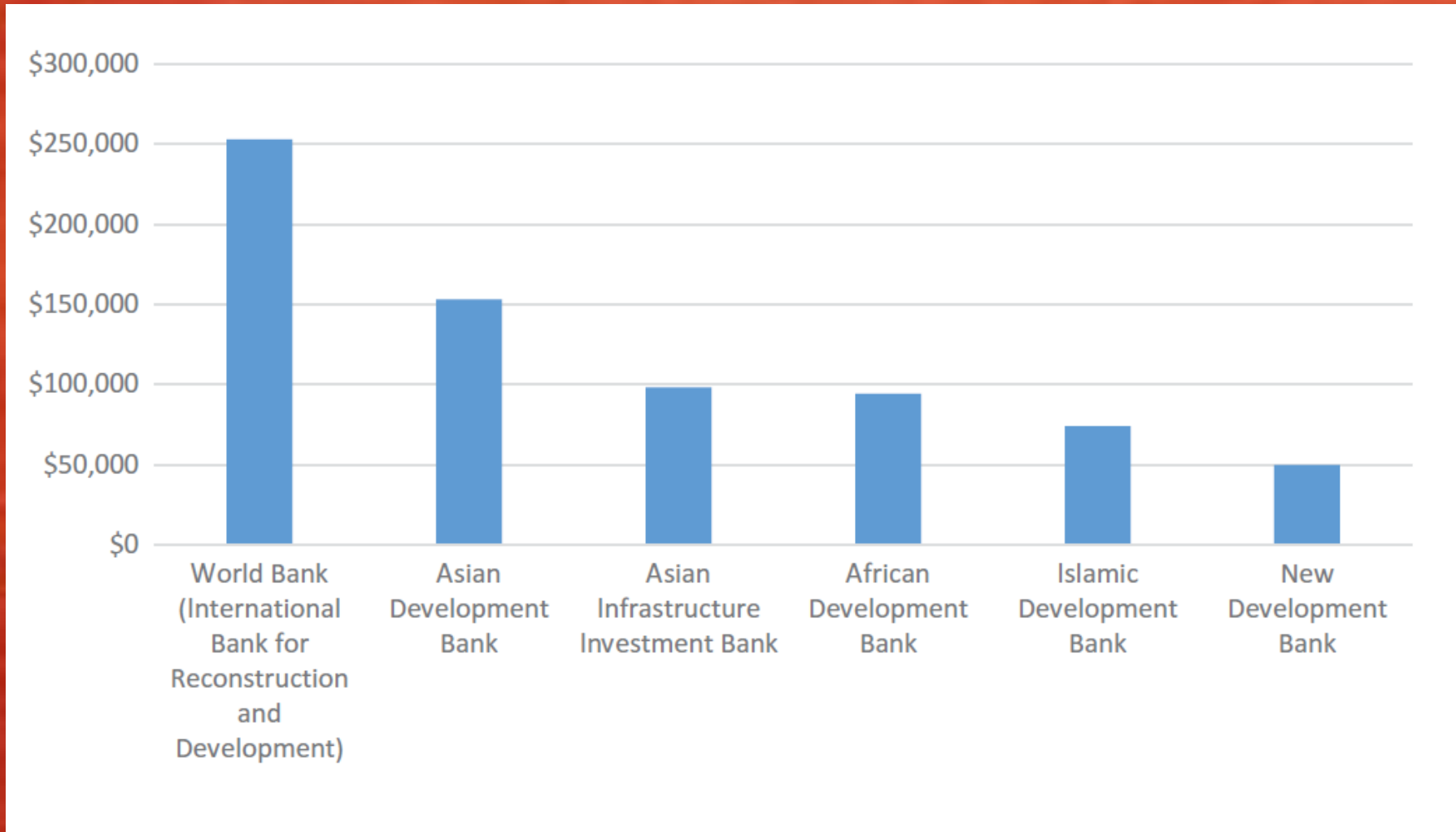


Sources: Ministry of Commerce; The Economist Intelligence Unit.

Finance

- AIIB
- Silk Road fund
- BRICS development Bank
- (China Africa Development Fund - CAD Fund)
- Interaction with international institutions (WB, ADB, etc.)
- Interaction with Juncker plan (EU)

Multilateral banks' subscribed capital (USD million)



Authorized Capital Stock in the AIIB

China will contribute \$29.8 billion of the Asian Infrastructure Investment Bank's \$100 billion in initial capital, likely giving it veto power.

Total: \$100 billion

Nonregional members

\$25 billion

Regional members

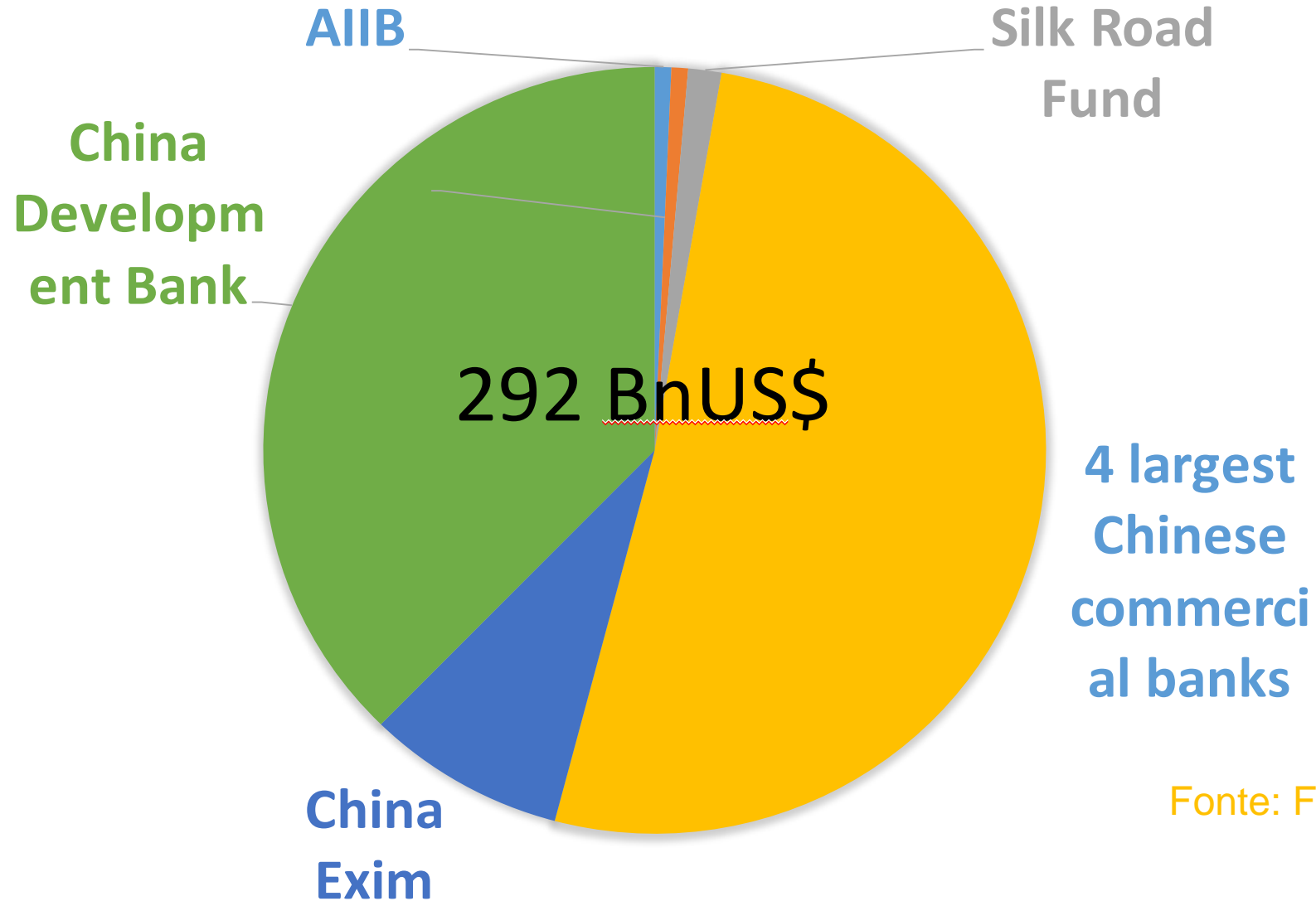
\$75 billion





Key
Regional members
Non-regional members

Loans and equity investments at end 2016



BRI: Challenges

- Ports: overcapacity and competition
- Railways: subsidies and new interconnections
(see Piraeus Budapest)
- Railways connections will benefit more northern
and eastern Eu countries
- Some countries not so happy

★ China 2025: challenges

- Chinese Mercantilism
- IPR
- New Technologies
- Standards

China 2025 – BRI: and now?

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Italy to be first G7 member to sign BRI agreement

By Alex Chan | chinadaily.com.cn | Updated: 2018-10-12 15:07

“When the wind of change blows, some people build walls, others build windmills.” This is the Chinese proverb quoted by Italian Undersecretary of Economy and Finance Mr. Michele Geraci on Oct 1, when Task Force China was inaugurated at the Italian Ministry of Economy and Finance in Rome. The goal of Task Force China is to develop, under the coordination of the Italian Ministry of Economy and Finance, a systemic approach to dialogue with China and to address all aspects of bilateral cooperation, from trade and investment to cooperation in science, infrastructure, culture, tourism as well as transportation.

China 2025 – BRI: and now?



REUTERS



Brexit

Imprisoned In Myanmar

Sectors Up Close

Breakingviews

Investing

Future of Money

BUSINESS NEWS

NOVEMBER 20, 2018 / 2:35 PM / 2 DAYS AGO

With eyes on China, EU agrees investment screening rules

Philip Blenkinsop



BRUSSELS (Reuters) - The European Union on Tuesday provisionally agreed on rules for a far-reaching system to coordinate scrutiny of foreign investments into Europe, notably from China, to end what a negotiator called “European naivety”.

Committee on Foreign Investment in the United States



CFIUS chaired by Secretary of the Treasury.

Other department involved:
Secretaries of Homeland Security
Commerce
Defense
State, Energy
Labor,
Attorney General
Director of National Intelligence
US Trade Representative
Director of the Office of Science and
Technology Policy

FIRRMA (Foreign Investment Risk Review Modernization Act)

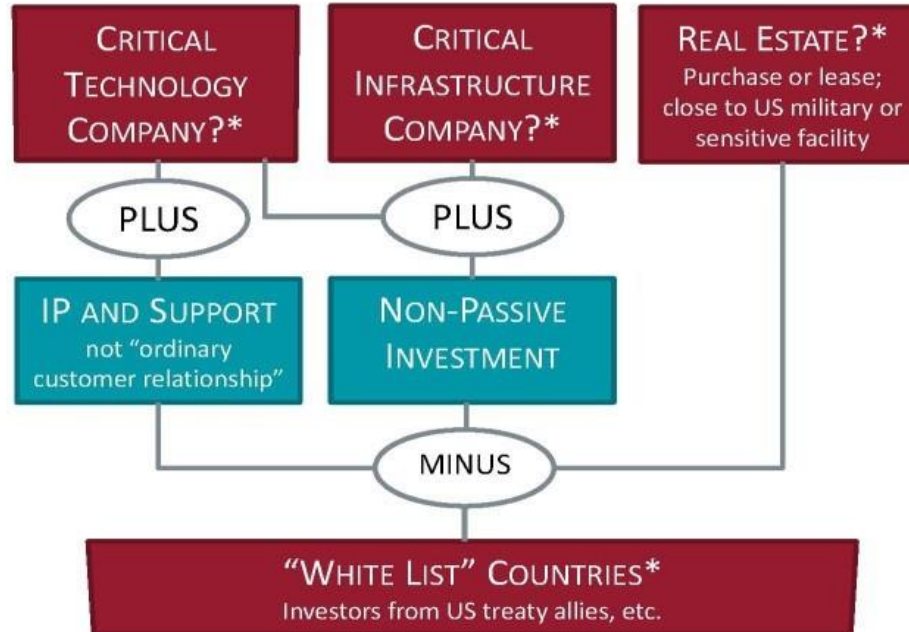
FIRRMA: What Transactions Are Covered?

Current Law

**"CONTROL"
OF US
BUSINESS**

Added by FIRRMA

Substantive Expansion of CFIUS Jurisdiction



Closing "Loopholes"

**MANDATORY
DECLARATIONS**
Foreign gov't transactions
and potentially others

**CIRCUMVENTION OR
EVASION**
Transaction or other
arrangement designed or
intended to evade or
circumvent CFIUS

CHANGE IN RIGHTS
Where "could lead" to
control or critical company
non-passive investment

*Highly dependent on
implementing regulations



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China 2025 – BRI: and now?

Technology

U.S. Urges Allies to Avoid Using Huawei Equipment, WSJ Says

Bloomberg News 23 novembre 2018, 01:00 CET *Updated on 23 novembre 2018, 10:05 CET*

China 2025 – BRI: and now?

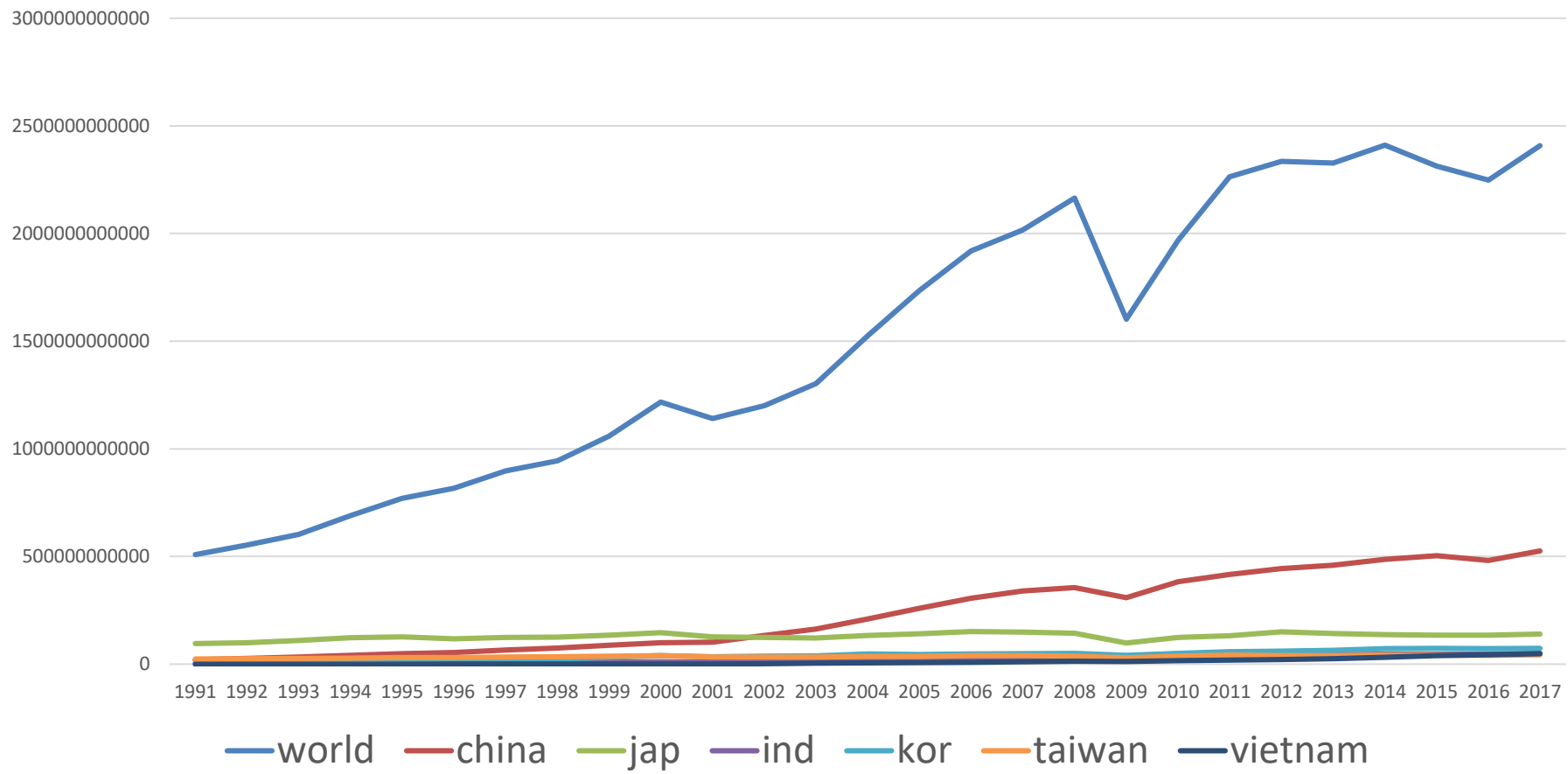
US blocks Japan's Lixil from selling building unit to China
Italian subsidiary supplied glass panels to One World Trade Center

KAZUSA BAN and HIROYASU ODA, Nikkei staff writers
OCTOBER 23, 2018 04:37 JST

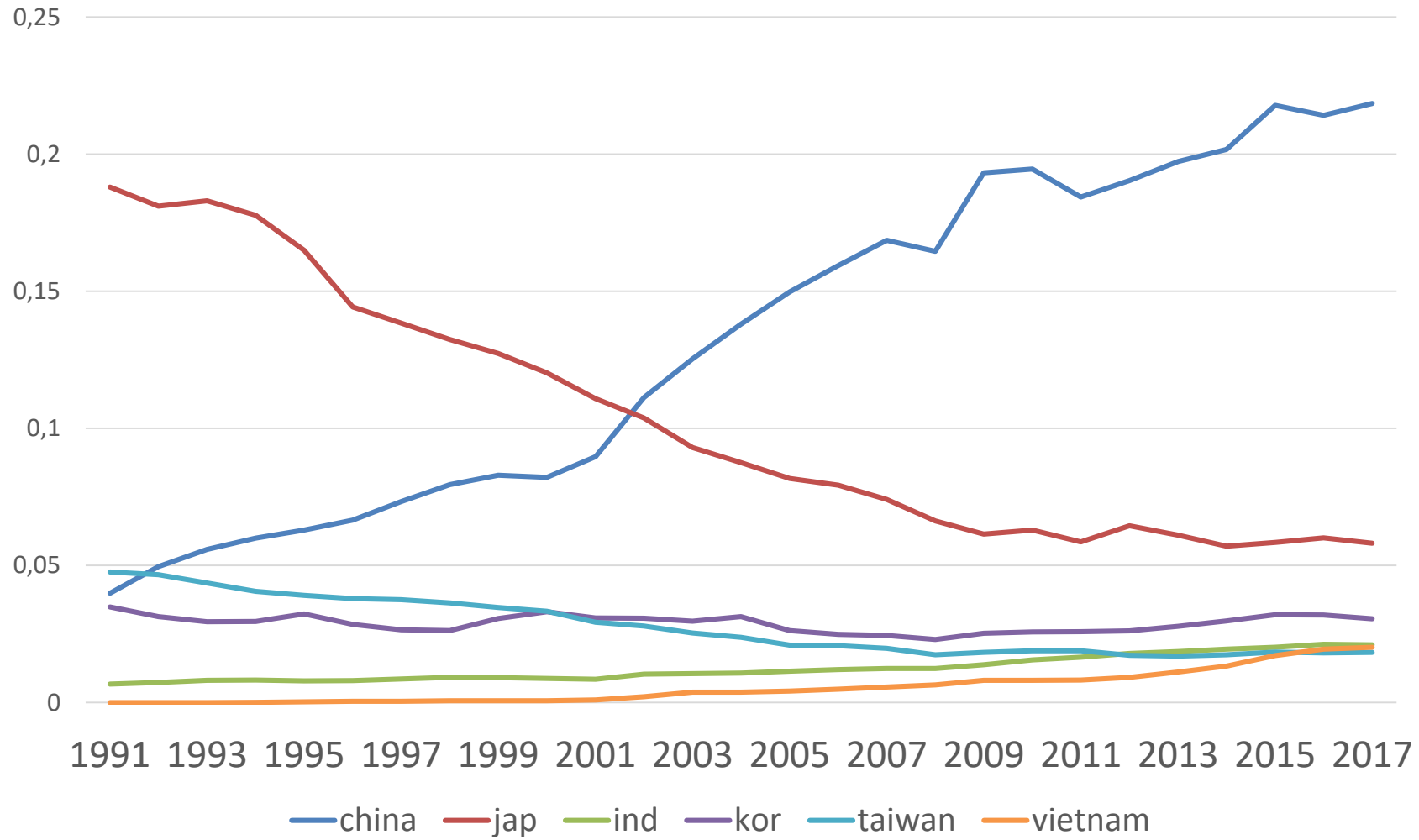
Trade and Technology war



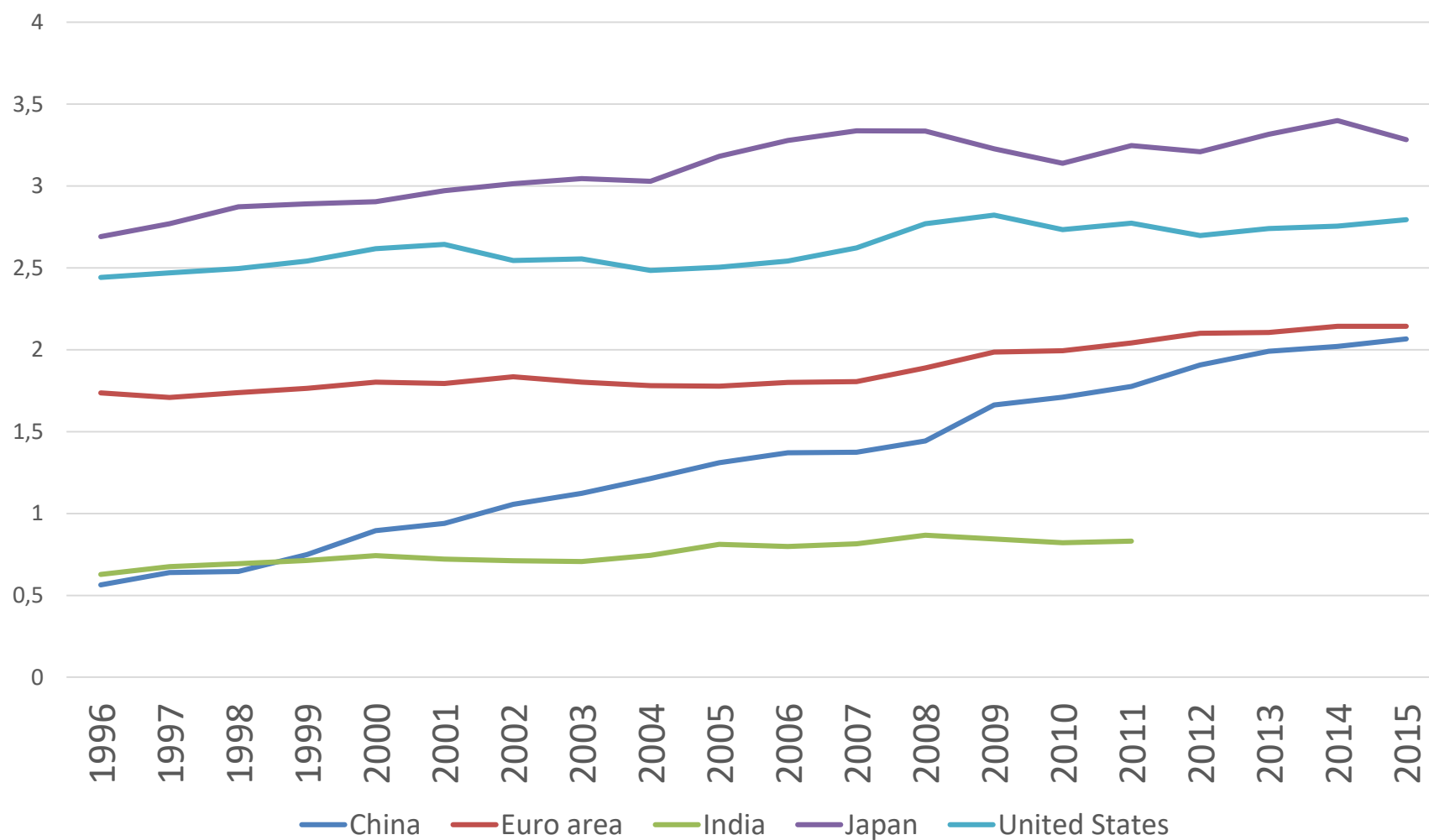
import US



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% R&D on GDP





				R&D Expense (in USD billions, income statement exchange rate)			R&D/Revenue
	Company Name	Country	Industry	2012	2017	2018	2018
1	Amazon.com, Inc.	United States	Internet and Direct Marketing Retail	2,91	16,09	22,62	12,7%
2	Alphabet Inc.	United States	Internet Software and Services	5,16	13,95	16,23	14,6%
3	Volkswagen Aktiengesellschaft	Germany	Automobiles	8,69	13,82	15,77	5,7%
4	Samsung Electronics Co., Ltd.	South Korea	Technology Hardware, Storage and Peripherals	9,32	14,33	15,31	6,8%
5	Intel Corporation	United States	Semiconductors and Semiconductor Equipment	8,35	12,74	13,10	20,9%
6	Microsoft Corporation	United States	Software	9,81	13,04	12,29	13,7%
7	Apple Inc.	United States	Technology Hardware, Storage and Peripherals	2,43	10,05	11,58	5,1%
8	Roche Holding AG	Switzerland	Pharmaceuticals	8,54	11,83	10,80	18,9%
9	Johnson & Johnson	United States	Pharmaceuticals	7,55	9,10	10,55	13,8%
10	Merck & Co., Inc.	United States	Pharmaceuticals	8,47	10,12	10,21	25,4%
11	Toyota Motor Corporation	Japan	Automobiles	7,34	9,77	10,02	3,9%
12	Novartis AG	Switzerland	Pharmaceuticals	10,17	9,57	8,51	17,0%
13	Ford Motor Company	United States	Automobiles	5,30	7,30	8,00	5,1%
14	Facebook, Inc.	United States	Internet Software and Services	0,39	5,92	7,75	19,1%
15	Pfizer Inc.	United States	Pharmaceuticals	9,07	7,87	7,66	14,6%
45	Alibaba Group Holding Limited	China	Internet Software and Services	0,46	2,72	3,63	14,4%
59	Tencent Holdings Limited	China	Internet Software and Services	0,41	1,82	2,68	7,3%
77	ZTE Corporation	China	Communications Equipment	1,31	1,96	1,99	11,9%
78	Baidu, Inc.	China	Internet Software and Services	0,21	1,56	1,99	15,2%



ebay



amazon



Alibaba Group
阿里巴巴集团



淘宝网
Taobao.com



JD.COM

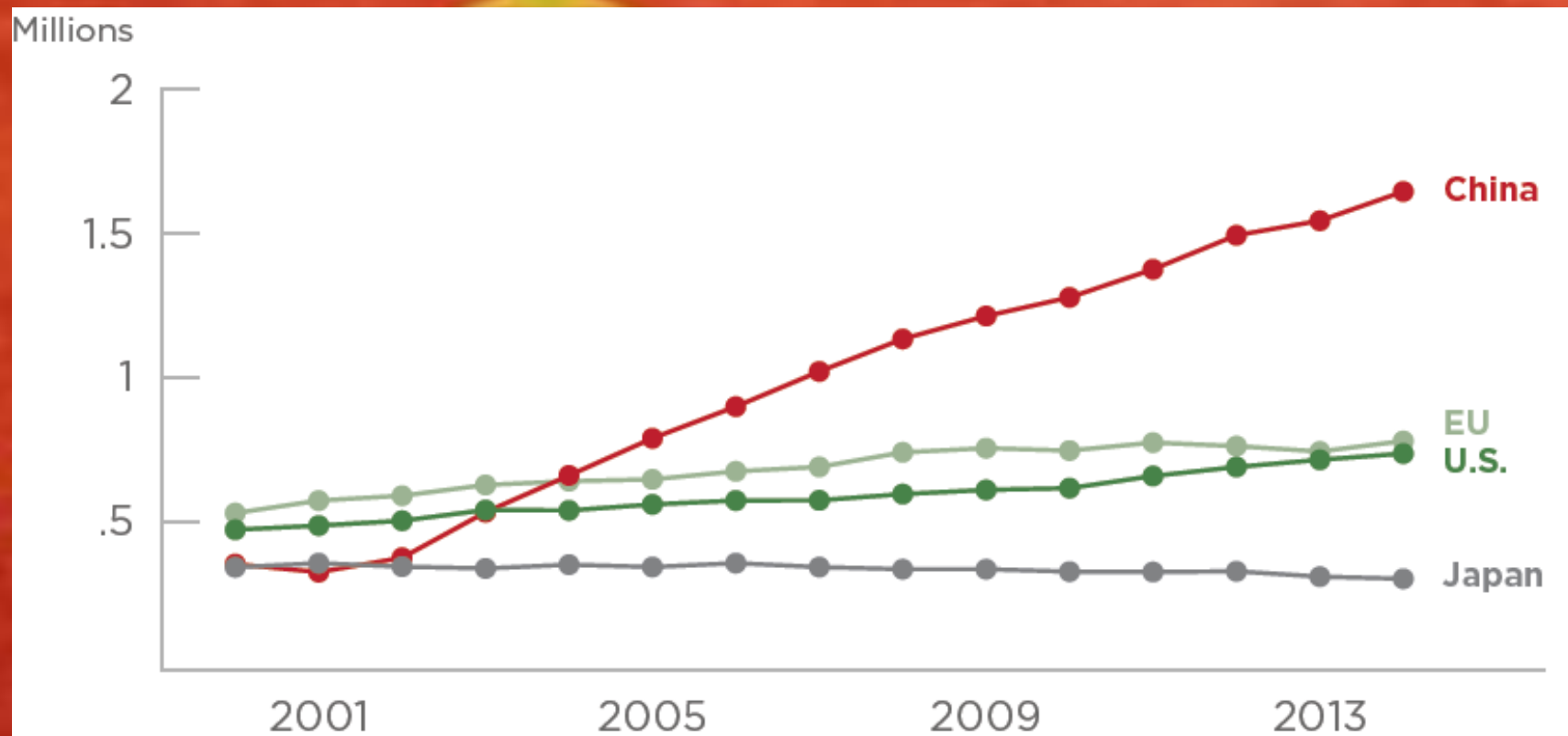


WeChat 微信



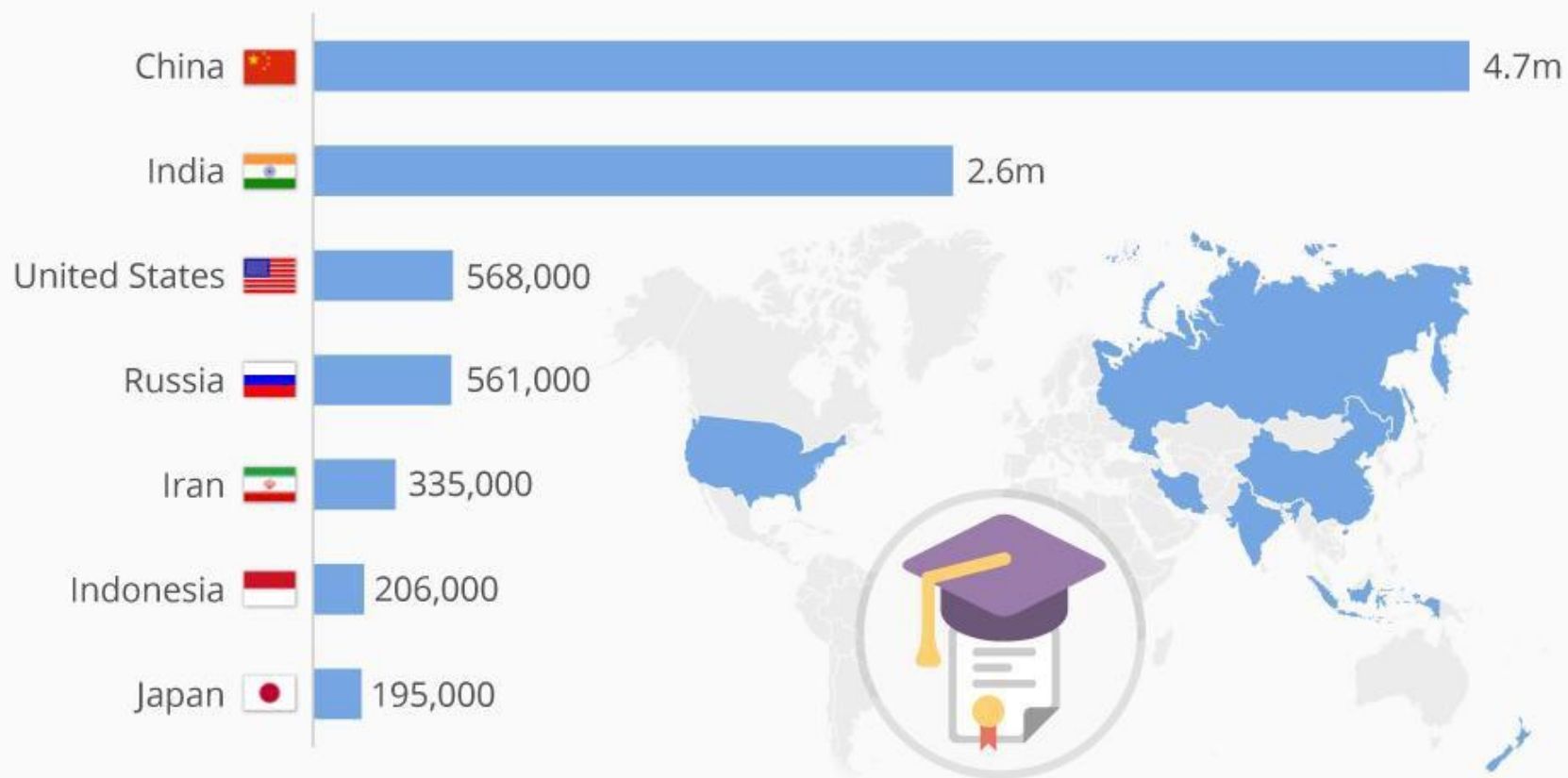
新浪微博
weibo.com

Bachelor's degrees awarded in S&E fields by selected country or region: 2000 to 2014



The Countries With The Most STEM Graduates

Recent graduates in Science, Technology, Engineering & Mathematics (2016)

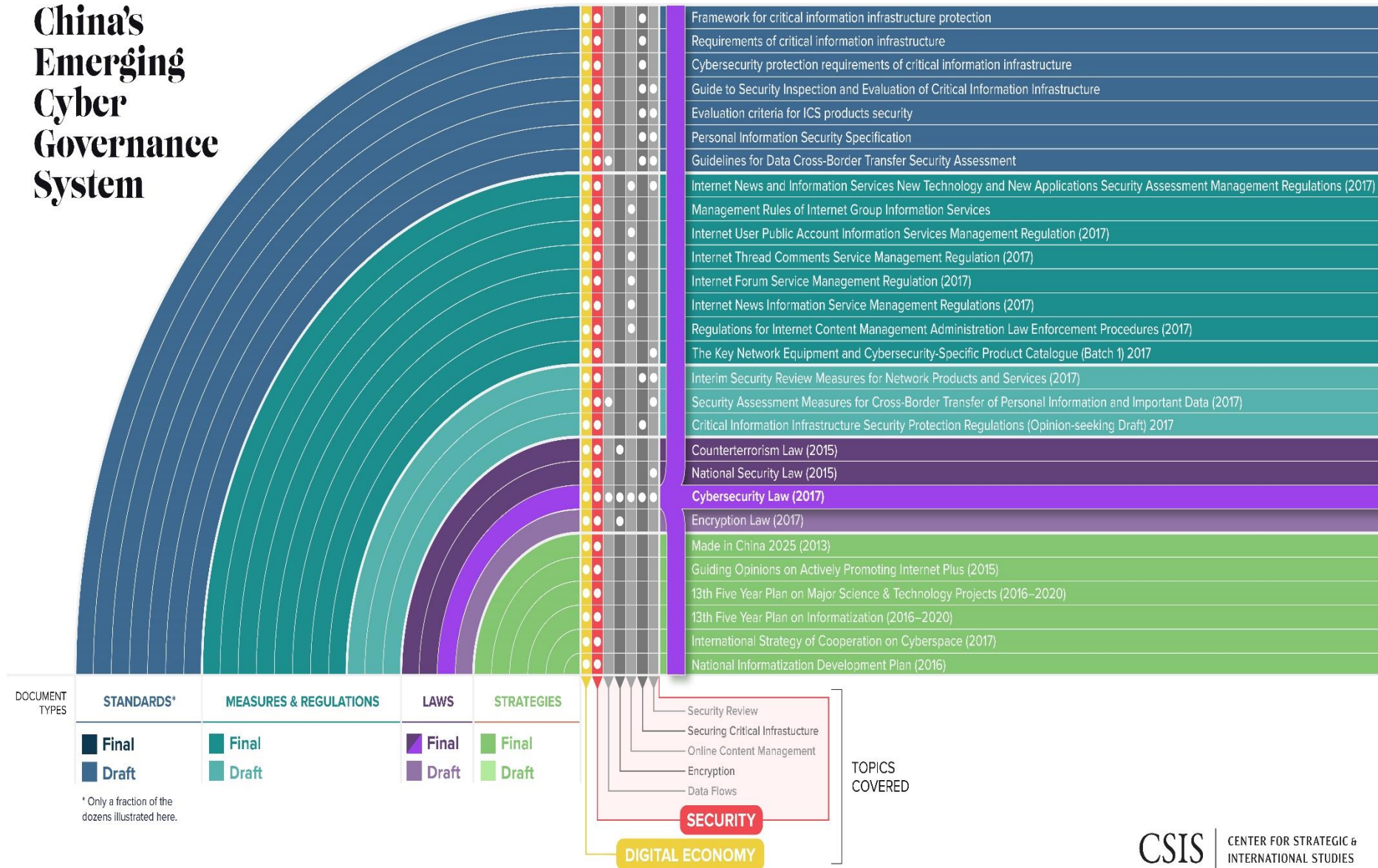


@StatistaCharts

Source: World Economic Forum

Forbes statista

China's Emerging Cyber Governance System

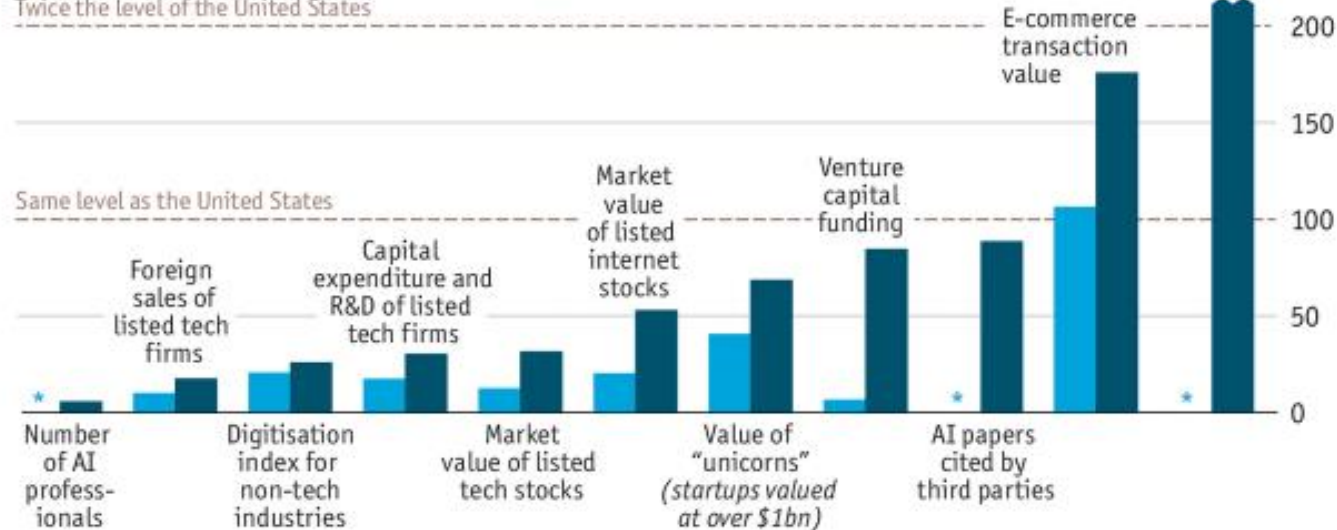


Tectonic shift

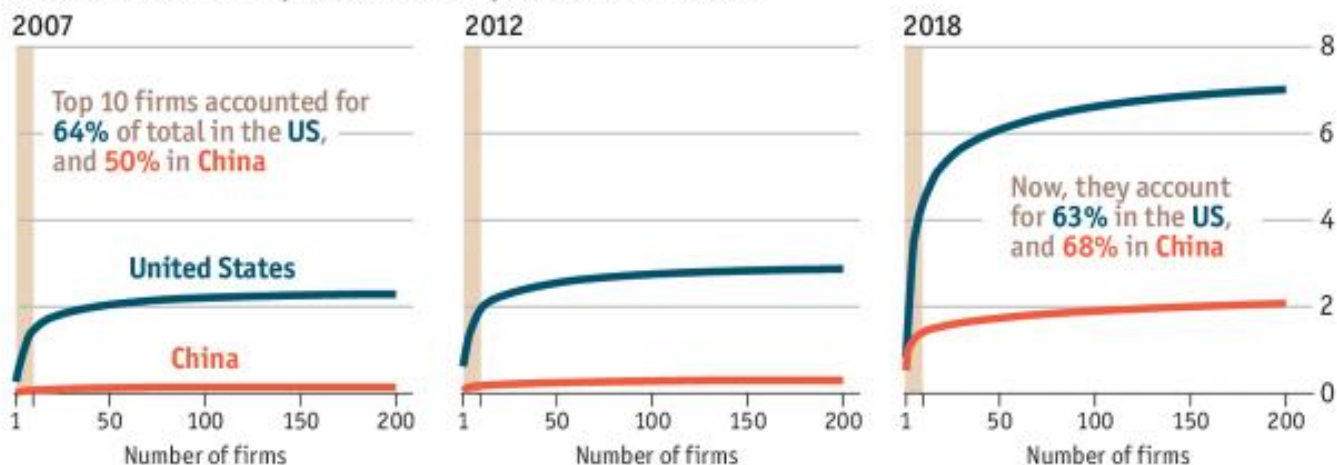
China's tech sector as % of United States

■ Five years ago
■ 2018 or latest

Twice the level of the United States



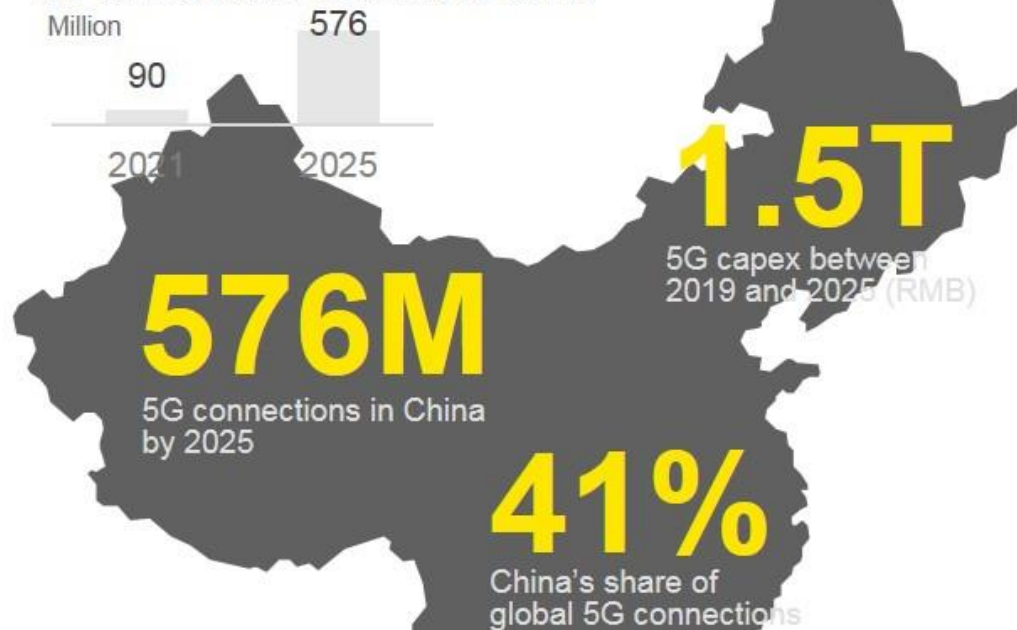
Cumulative market capitalisation of top 200 tech firms, \$trn



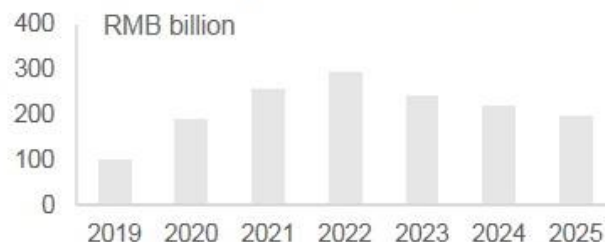
Sources: AllianceBernstein; Bloomberg; CB Insights; Goldman Sachs; McKinsey; The Economist

*No data

5G connections forecast in China



5G capital expenditure forecast in China



- ▶ 4G maturity
- ▶ Widespread fibre deployment
- ▶ Small cell deployment
- ▶ Supportive government

Favorable factors

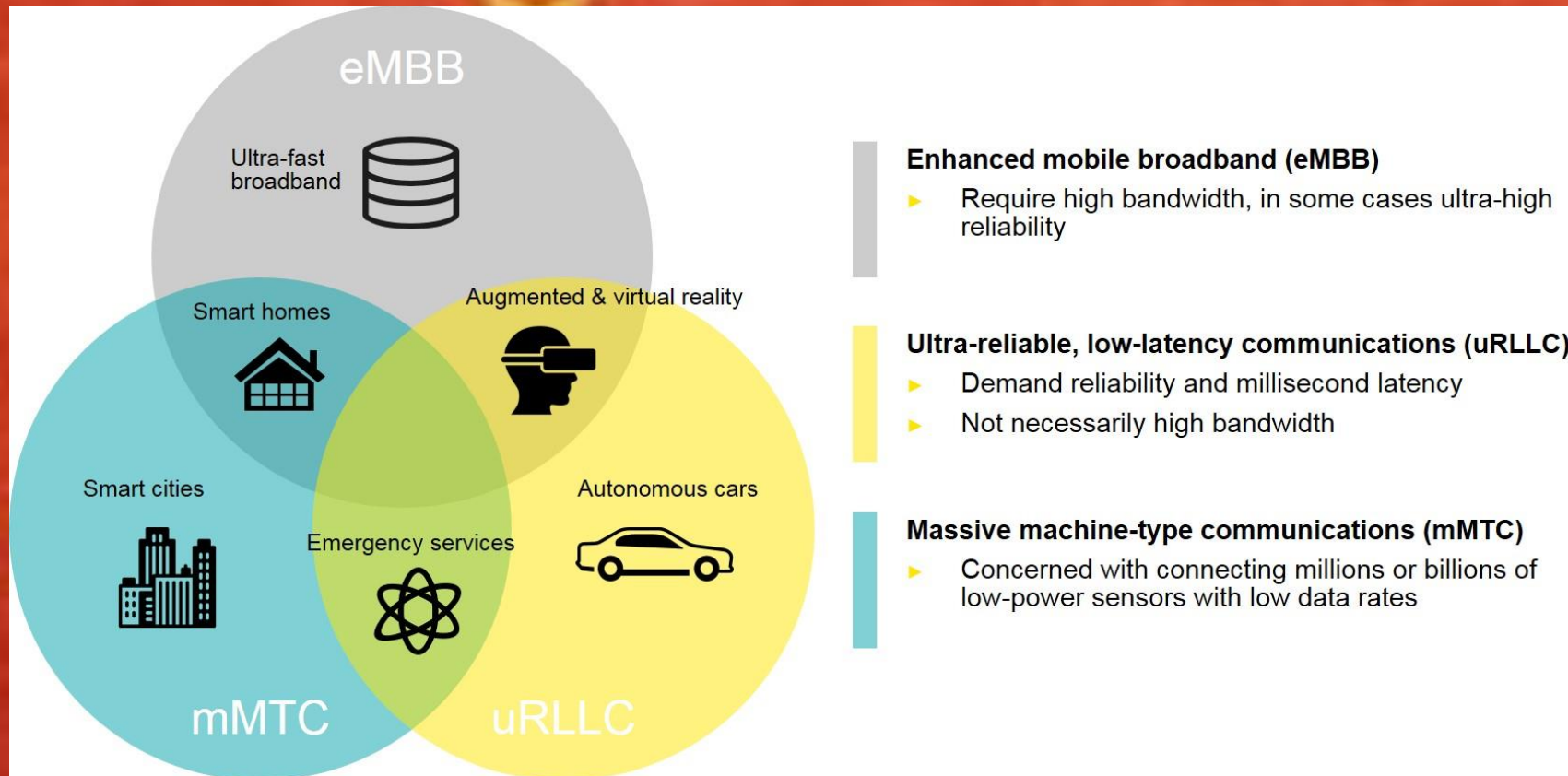
Gradual adoption

Limiting factors

- ▶ Less mature device ecosystem initially
- ▶ Premium price point for consumer devices
- ▶ Early as a hotspot technology in first-tier cities

- ▶ Less aggressive network rollout than 4G
- ▶ Rise of device availability will drive new content and applications
- ▶ A wider set of ICT services will be offered by means of new 5G terminals

5G



Huawei unveils new AI chips amid Chinese technology ambitions

“The new 7 nanometer Ascend 910 chipset that Huawei unveiled at its annual global partners’ conference will service this unit and is meant for data centers that crunch mountains of data”

“Huawei said it will not sell these chipsets separately to customers, but its efforts would still pit it against big U.S. vendors such as Qualcomm, AMD and Nvidia”

An appetizer.....

TRADE



APRIL 9

China files a complaint to WTO against U.S. metal tariffs.



MAY 20

Treasury Secretary Steven Mnuchin says the U.S.-China trade war is "on hold."



JUNE 17

Trump announces imposing a 25% tariff on \$50 billion of Chinese goods. China says it will retaliate with equivalent tariffs.

ZTE



APRIL 16

The Commerce Department bans U.S. companies from selling components to ZTE.



MAY 14

Four days after ZTE suspended operations, Trump says he and Xi Jinping are in talks to save ZTE.



JUNE 7

Commerce Secretary Wilbur Ross says ZTE's Denial Order was lifted and replaced with a \$1 billion fine.



JUNE 18

The Senate votes to block the Commerce Department's deal with ZTE.

Trade war

February 2018

Trump takes the first shot

US President Donald Trump slaps 30 per cent tariffs on solar panels and washing machines, prompting a complaint to the World Trade Organisation from Beijing.

March 2018

China retaliates after the second shot

The Trump administration imposes steel and aluminium tariffs across the board, including on China, which the Chinese government responds to with tariffs on 128 US products such as wine, fruit, and pork.

Jyly 2018

Trade war begins in earnest

The US levies its first round of punitive tariffs, triggered by an investigation under Section 301 of the Trade Act into Chinese trade and intellectual property practices. Washington's duties on US\$34 billion in Chinese products is quickly matched by Beijing.

August 2018

China matches tariffs

The US imposes tariffs on another US\$16 billion in August – again matched by China

August 2018

Trade talks fall through

Business leaders in both countries call for a resolution. But a series of trade talks – including low-level discussions in Washington in late August – fail to yield a breakthrough.

September 2018

Beijing targets Trump's political base

The US imposes tariffs on US\$200 billion in Chinese products. Beijing responds by targeting US\$60 billion in US goods. Analysts say Beijing's US\$110 billion total targeted industries were aimed at Trump's political base, including a particularly stinging 25 per cent duty on American soybeans.

September 2018

An impasse

Beijing reportedly cancels scheduled talks, and US officials signal that they would not return to the negotiating table without a concrete proposal from Beijing.

November 2018

All eyes on Buenos Aires

Just before the G20 summit, Chinese Vice-Premier Liu He, calls off a planned meeting in Washington at the last minute and pinned everything on talks in Buenos Aires.

December 2018

90-day truce

Trump and Chinese President Xi Jinping agree to a trade truce in their dinner meeting at the G20 summit in Buenos Aires, Argentina. Both sides agreed to not add additional tariffs “after January 1” – when Washington was set to raise the tariff rate on US\$200 billion of Chinese imports.

US vs China statements on 90-day trade truce

Topic	US	China
Taiwan	Not mentioned	US to continue adhering to the one-China policy
Market access for US firms	Not mentioned	China will expand market access for American firms and take steps to address the legitimate concerns of US companies
South China Sea	Not mentioned	Not mentioned
Qualcomm-NSP deal	Chinese President Xi Jinping open to approving the deal	Not mentioned
Deadline	If the two sides cannot reach an agreement within 90 days, the US will raise tariffs to 25 per cent	Not mentioned
Tariffs	No additional tariffs imposed on January 1	No additional tariffs imposed on January 1
Further negotiations	Both sides to immediately begin talks over a wide range of issues, including forced technology transfers, intellectual property protection, non-tariff barriers and cyber intrusions.	Both nations are working towards removing existing tariffs. Negotiations will continue
China to buy more from US	Agreement for a not-yet agreed upon, but very substantial, amount of agricultural, energy, industrial, and other products from the US.	China to buy more American products based on China's pace of opening up and domestic market needs
Opioid war	Fentanyl to be designated as a controlled substance	China to revise regulations and step up law enforcement of fentanyl
North Korea meeting	Xi, US President Donald Trump and North Korean leader Kim Jong-un to work for a nuclear-free Korean peninsula	China supports upcoming Trump-Kim meeting

March 28-29, 2019 – US and China hold trade talks in Beijing after one-month break

April 10, 2019 – US and China agree to establish trade deal enforcement offices

May 10, 2019 – US increases tariff from 10 percent to 25 percent

May 13, 2019 – China announces tariff hikes on US products, China launches tariff exemption system

May 16, 2019 – US places Huawei on its 'entity list', banning it from purchasing from US companies

June 1, 2019 – China increases tariffs on US\$60 billion worth of products

June 29, 2019 – Trade talks to restart, ban on Huawei relaxed

August 1, 2019 – Trump says US will impose 10 percent tariffs on another US\$300 billion of Chinese goods starting September 1

August 6, 2019 – US declares China is a currency manipulator

August 6, 2019 – Chinese companies suspend new US agricultural product purchases

US delays tariffs on certain products and removes items from the list

August 13, 2019 – US and China agree to talk again in two weeks

August 23, 2019 – China announces US\$75 billion in tariffs on US goods, Trump threatens tariff increases on Chinese goods

September 1, 2019 – Tariffs come in force as scheduled

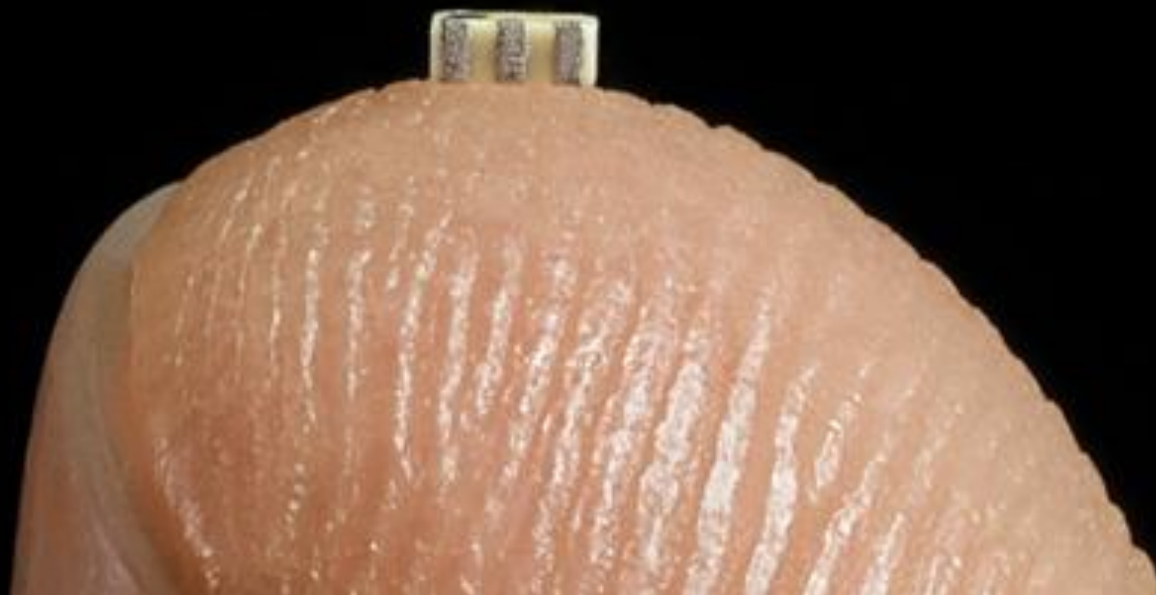
October 11, 2019 – US announces “Phase 1” deal, delays tariff increase for Chinese goods

- 
- **Total US tariffs applied exclusively to Chinese goods: US\$550 billion**
 - **Total Chinese tariffs applied exclusively to US goods: US\$185 billion**

Bloomberg Businessweek

October 8, 2018

The Big Hack



Bloomberg Businessweek

The Big Hack: How China Used a Tiny Chip to Infiltrate U.S. Companies

The attack by Chinese spies reached almost 30 U.S. companies, including Amazon and Apple, by compromising America's technology supply chain, according to extensive interviews with government and corporate sources.

BUSINESS | ASIA

Meng Wanzhou, Huawei CFO and Founder's Daughter, Has Been Face of Secretive Company

Ms. Meng's high profile raises the stakes for U.S.-China relations



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