

The U.S. Decoupling Attempt Is Too Costly for the World

By Zhexin Zhang



*Dr. Zhexin Zhang,
Assistant Research Fellow
at the Center for Asia
Pacific Studies and
Assistant Director of the
Institute of Taiwan, Hong
Kong, and Macao Studies
at the Shanghai Institute
for International Studies*

Comprehensive and inspiring as it was, the 2019 International Security Forum in Bonn witnessed another step toward the United States decoupling from China, which it accused of “predatory industrial policies,” “violating international law and rules,” and “threatening values of the free world.” This attempt, grounded in accusations that appear unfair, impractical, and harmful to world peace and prosperity, can hardly gain much support from the international community.

It is true that China enjoys significant advantage in global technological, industrial, and commercial competition through its state-led approach (e.g., “Made in China 2025” and the Belt and Road Initiative), and there is much room for China to improve its intellectual property rights protection and ensure an open and fair domestic business environment. Yet, compared with two decades ago, the Chinese market has undeniably become much more open and international rules-based. For instance, China’s average tariff rate has dropped from 45 percent to 6.7 percent; the negative list for foreign investment in specific fields has shortened from 190 in 2011 to 40 in 2019, and Presi-

dent Xi Jinping’s announcement of five new measures to promote China’s opening-up on the second China International Import Expo (CIIE) has further strengthened the confidence of the global business community. Meanwhile, China is making increasing contributions to global governance ranging from tackling climate change and sustainable development to UN peace-keeping and upholding the international system.¹ Considering this progress and the new opportunities China presents to the world, it is senseless to overstate China’s imperfectness and feel victimized by China’s “growing pains.”

Yet, the Trump administration appears keen on decoupling from China by restricting bilateral ties in political, economic, cultural, and other fields. Despite Vice President Mike Pence’s statement on 24 October that the United States does not seek to decouple from China, much damage has been done to U.S.-China relations and the U.S. economy as well, including the ongoing trade war that is projected to cost the U.S. economy billions of dollars and 300,000 jobs²; technological sanctions against Chinese companies that have much

¹ White Paper on “China and the World in the New Era,” September 27, 2019.

² CBS, September 12, 2019

disrupted global industrial chains; increasing limitations to people-to-people exchange that have reduced Chinese visitors to the United States by 20 percent; growing regional tension over Taiwan, Hong Kong, and the South China Sea due to U.S. intervention; and, as this Bonn Forum showcases, a global public opinion campaign to alienate China from all “like-minded countries.” As a result, the Trump administration has begun to encounter a backlash both at home (e.g., some members of Congress have proposed legislation to curb presidential tariff power) and, ironically, from the 192 American enterprises that attended the second CIIE, an 18 percent increase from last year, in spite of the administration’s decoupling advocacy. Opposition has also emerged from abroad (e.g., the UK and Germany seem to hold an open stance to China’s Huawei participating in their 5G network construction); as close partners of the Indo-Pacific Strategy, both India and Japan have openly rejected the scenario of building a geopolitical bloc against China, but rather seek to bring relations with China to “new heights” instead. With the presidential election approaching, the United States’ decoupling goals will be even more difficult to achieve.

That said, if the Trump and later U.S. administrations are determined to further decouple from China, the world will certainly face a gloomy future: the IMF

predicts that the lasting trade war will cost the global economy \$700 billion by 2020, slowing global economic growth to lower than 3 percent and triggering more protectionist and unilateral policies in many countries; as more trade and technological barriers emerge, global investors will have less incentive to invest, further exacerbating unemployment and radical populism in developing and developed countries alike. China’s close economic partners, including EU countries, will be compelled to take sides between China and the United States. Worst of all, a new Cold War may take shape where an isolated and cornered China becomes more politically and economically closed and seeks to expand its sphere of security and economic influence worldwide, which, like the Cold War decades ago, truly reflects the much-hyped notion of today – “one world, two systems.”

Fortunately, this is not a reality yet. As Mao Zedong (and similarly, Carl Schmitt) famously put it, politics is an art to “foster as many comrades (friends) and as few enemies as possible.” Indeed, after three decades of globalization, the interdependent world cannot afford deliberate schisms and manufactured enemies, but rather needs more common understanding and consultation on the shared interests and coordinated approaches among countries, which I hope can become the dominant theme for this Forum next year.



Co-Host:

A very special thanks also to Guido Goldman.

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Contact

Center for Advanced Security, Strategic and Integration Studies
University of Bonn
Römerstraße 164
53117 Bonn, Germany

Prof. Dr. Wolfram Hilz
Acting Director
Phone: +49 (0) 228 73-3553
Email: sekretariat.hilz@uni-bonn.de

Dr. Enrico Fels
Managing Director
Phone: +49 (0) 228/73 62995
Mail: fels@uni-bonn.de

Philip Ackermann
Project Manager
"International Security Forum Bonn"
Phone: +49 (0) 228/73 62972
Mail: philip.ackermann@uni-bonn.de

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Imprint

Editing

Simone Becker
Philip Ackermann
Dr. Enrico Fels
Jessica R. Hart
Merit Thummes
Malte Schrage

Design

designlevel 2
www.designlevel2.de

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Printing

Druckerei Eberwein OHG

Last Update

02/2020



Center for Advanced Security,
Strategic and Integration Studies (CASSIS)
University of Bonn
Römerstraße 164
53117 Bonn, Germany
cassis.uni-bonn.de