

Trade war will cause 'ripple effect'

US should call it off, says China ex-envoy

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The United States must cease its trade war with China or risk causing a ripple effect in the economies of its allies, including Thailand, former Chinese ambassador to Thailand Guan Mu said.

He made the comments during a Belt and Road Initiative (BRI)-themed event at the Sasin School of Management in Bangkok.

According to him, the tariff-related conflicts are the result of the US' efforts to "refrain from anything that would give China more power".

"The problems from this trade war will be unsolvable [in the future]," Mr Guan said.

"Losses will be incurred on both sides, and all of our allies' economies will greatly suffer as a result.

"The trade war has begun, but we are not afraid. We were not the ones who started the war," he added.

Early last month, US President Donald Trump imposed 25% tariffs on around \$34 billion of Chinese imports, with Beijing immediately responding by matching tariffs on the same amount of US exports to China.

Washington is preparing to impose tariffs on an extra \$16 billion of goods in the

coming weeks.

Mr Trump has stated he plans for tariffs — which could eventually reach as high as 25% — to be imposed on \$200 billion worth of Chinese goods.

These include tilapia fish, printed circuit boards and lighting products.

Beijing is also reportedly planning to impose tariffs on US agricultural goods.

The Trump administration said the tariffs were necessary to protect US national security and intellectual property of US businesses. The measures were also taken to reduce the US trade deficit with China.

"The US's specified reason to start a trade war does not make much sense," Mr Guan said.

"Their deficits result from several factors. From a spending-habits perspective, Americans generally don't save that much, and tend to buy things in advance."

Meanwhile, on the BRI — China's plan to resurrect its historic land-and-water-based Silk Road — the former ambassador said Thailand has introduced development policies to support China's initiative, such as the "Thailand 4.0" policy and Eastern Economic Corridor (EEC).

Among these projects is the 606km-long Thai-Chinese high-speed railway from Bangkok to Nong Khai, set to connect to Laos and eventually southern China.

Construction for the project's first 252km phase from Bangkok to Nakhon Ratchasima began last December, with embankments being dug for train tracks by the Department of Highways.

However, as of June, when the most

recent formal meeting between the two countries was held in Bangkok, both parties have not agreed on whether China can sue the government if the latter fails to meet construction deadlines and causes delays to the project.

Transport Minister Arkhom Termpit-tayapaisith said China wants a "default clause" in the project's contract which gives it the right to sue or file a lawsuit to confiscate state assets in other projects if the Thai side fails to proceed according to plan.

The ministry has disagreed, saying standard practice for state contracts includes extending the contract period, resulting from factors such as natural or man-made disasters.

The next meeting is due this month.