



# BOAO Journal

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## [BFA Events/People/Views](#)

### **BFA Members and Partners Visit Wuhan**

At the invitation of the municipal CPC committee and government of Wuhan, the Secretariat organized the "Boao Forum for Asia Members Activity in Wuhan." The event was attended by Vice Chairman Zhou Xiaochuan, Secretary General Li Baodong, Advisor Margaret Chan, as well as more than 70 representatives of 37 member companies.

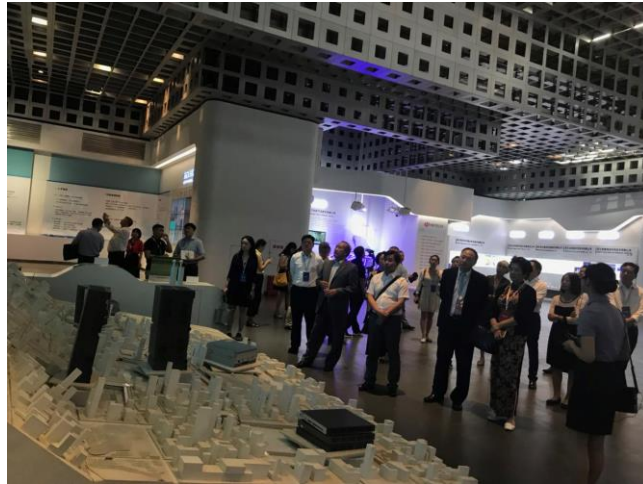


Led by Vice Chairman Zhou Xiaochuan, BFA member representatives met with Jiang Chaoliang, Party Secretary of Hubei, and Wang Xiaodong, Governor of Hubei; while Secretary General Li Baodong led other member representatives in a working meeting with Zhou Xianwang, Acting Mayor of Wuhan, and other city leaders. The Secretariat also organized a symposium of cooperation to connect BFA member companies with relevant city authorities and local business community. The symposium was addressed by Zhou Xiaochuan, Li Baodong, Margaret Chan, Zhou Xianwang and four representatives of BFA member companies. A total of 29 cooperation agreements with a combined value of RMB 231.3 billion were signed during this symposium.

BFA members also visited the Optics Valley Exhibition Center, the National Aerospace Industry Base and other major city development projects. The East Lake High-tech Development Zone of Wuhan made an application to join the BFA as a BFA



Member at the event.



### **BFA Holds Press Briefing of Global Health Forum**

On July 18, the Boao Forum for Asia held a press briefing in Beijing, where the BFA announced to schedule the inaugural Global Health Forum in January 2019. The briefing was attended by nearly 150 people, including Li Baodong, BFA Secretary General, Margaret Chan, President of the Global Health Forum and Honorary Director-General of the World Health Organization (WHO), as well as representatives from the National Health Commission, the State Medical Insurance Administration, the State Administration of Traditional Chinese Medicine, the Wuhan Municipal Government and other government bodies. Participants also included Ettore Francesco Sequi, the Italian Ambassador to China, Ahcene Boukhelfa, the Algerian Ambassador to China, Gauden Galea, WHO Representative in China, China-based representatives of other national and international organizations, as well as representatives of trade associations, companies and media organizations, such as People's Daily, Xinhua News Agency, CCTV and Phoenix TV.



Li Baodong said that since its inception in 2001, the BFA has been focused on Asia with a global perspective, committed to promoting regional openness and innovation as well as enhancing the wellbeing of Asian people. Particularly, the keynote speech delivered by President Xi Jinping at the BFA annual conference this past April shows the way forward for the BFA. Therefore, the new leadership of the BFA, while sticking to the themes of annual conferences and considering regional economic



characteristics, has decided to focus on the five development priorities of high technology, health, education, culture and media. In view of health as an integral part of building a community with a shared future for mankind, an important driver for a strong, sustainable, balanced and inclusive economy, and a safeguard for world peace and stability, the BFA has decided to capitalize on its strengths and resources to create the Global Health Forum as a comprehensive platform for high-level dialogue and cooperation between political and business leaders. The forum will first convene from January 10 to 11, 2019 in one of Chinese cities. To ensure its success, the BFA has set up an experienced preparatory team and invited Margaret Chan as President of the Global Health Forum.



At the briefing, Margaret Chan highlighted the relevance of health—as an important component of global governance—to national security, economic development and people’s wellbeing. She also acknowledged the grave challenges facing global health as well as the long journey towards the goal of achieving health for all. Today, the health sector is experiencing a boom as well as the rise of new concepts and new business models, which offers new drivers for international health cooperation. Therefore, around the theme of “Internet+ New Era: Health for All People,” the Global Health Forum will have three sub-themes on “Health for All—Universal Health Coverage,” “Innovation for Health,” and “Health in All Policies.” The forum will invite government members of the WHO, international health organizations, NGOs, leading companies, scientists and experts from renowned institutions and relevant industries. The forum will produce insightful documents that will be shared with governments for reference. She also welcomed suggestions and support for a successful meeting.



Li Baodong and Margaret Chan also answered questions from journalists, including ones about the future goals of the BFA, the differences between the Global Health Forum and other relevant forums, and whether the forum will be held annually.

### **Preparations Started for BFA Rome Meeting 2018**

On July 9, 2018, BFA Secretary General Li Baodong met with Paolo Borzatta, senior partner of the European House—Ambrosetti, in Beijing during his visit to China.

The two sides entered into a cooperation MOU and announced that the BFA and Ambrosetti will jointly organize the “Asia-Europe Leaders’ Cooperation Dialogue” from December 4 to 5, 2018 in Rome, Italy. With approximately 300 participants that will include European and Asian senior government officials as well as business and opinion leaders, the meeting will explore issues ranging from artificial intelligence to technology innovation, the Belt and Road Initiative and climate change. Vice Chairman of the 12th National Committee of the Chinese People’s Political Consultative Conference, former Governor of the People’s Bank of China and BFA Vice Chairman Zhou Xiaochuan will lead a delegation to attend the event.

During the meeting, the two sides also informed each other of preliminary arrangements for the meeting, exchanged views regarding issues of common interest and reached consensus to set up a joint working group to officially start preparations for the event.

### **Vice Chairman ZHOU Xiaochuan Meets SURAKIART Sathirathai, BFA Board Member and former Deputy Prime Minister of Thailand**

On July 2, 2018, ZHOU Xiaochuan, Vice Chairman of Boao Forum for Asia (BFA), met the visiting guest SURAKIART Sathirathai, BFA Board Member and former Deputy Prime Minister of Thailand, at the head office of the People's Bank of China. Both sides exchanged views on the current economic and trade situation, deepening the regional cooperation under the Belt and Road framework, and the future development of the BFA.



Both sides noted that the escalating global trade friction will exert a significant impact on ASEAN countries and the entire Asian region. The two sides are of the opinion that better connection between the Belt and Road Initiative and the ASEAN countries' interconnection strategy will give a powerful impetus to regional cooperation in Asia, and stress the importance of strengthening cooperation in soft power areas such as services, finance, laws and regulations, and human resources. Both sides stand ready to work together with other directors to raise the international influence of the BFA.

### **Vice Chairman Zhou Xiaochuan Meets with Former PM of Pakistan and BFA Board Member Shaukat Aziz**

On July 16, 2018, Vice Chairman Mr. Zhou Xiaochuan had a meeting with Mr. Shaukat Aziz, Former Prime Minister of Pakistan and Board Member of the Boao Forum for Asia, at the headquarters of the People's Bank of China. They exchanged views regarding a number of issues, including risks and opportunities facing the world economy, the successful experience of China and Pakistan in the reform of their economic systems, the reform of the international monetary system and global economic governance. They also expressed their commitments to working with other board members to make Asian voice better heard and improve the international impact of the BFA.



### **Secretary General LI Baodong Meets with Dr S Jaishankar President, Global Corporate Affairs of Tata Group**

On July 20, 2018, Secretary General LI Baodong met with Dr S Jaishankar President, Global Corporate Affairs of Tata Group, at the BFA secretariat.

LI thanked Tata Group for its contribution to the bilateral relations between China and India, and thanked Mr. Ratan N. TATA, Board Member, BFA and Chairman Emeritus, Tata Sons Limited, for his great support to the Forum.

LI pointed out that BFA would continue to give a focus on Asia and adopt an international perspective, promote and lead the discussions on five hot issues in such areas as science and technology innovation, education, culture, health, media, etc. and promote all parties concerned to reach consensus.



Dr S Jaishankar expressed that Tata Group is focusing on the field of scientific and technological innovation, which is in line with the future planning of the BFA. He also welcomes the forum to hold a forum in India. LI expressed his appreciation for the invitation and will actively consider to hold a meeting in India at an appropriate time.

### **Secretary General LI Baodong Meets with LI Xiaolin, Executive Vice President of Silk-road Planning Research Center**

On July 5, 2018, Secretary General LI Baodong met with LI Xiaolin, Executive Vice President of Silk-road Planning Research Center, at the BFA Secretariat.



LI Baodong thanked the Silk-road Planning Research Center and Ms. LI Xiaolin for their long-term attention and support for the BFA. LI Baodong pointed out that BFA would continue to give a focus on Asia and adopt an international perspective, promote and lead the discussions on hot issues in such areas as science and technology innovation, education, culture, health, media, etc. and promote all parties



concerned to reach consensus.

LI Xiaolin expressed that the development goals of the Silk-road Planning Research Center dovetailed with the future plan of the BFA, and highly anticipated closer cooperation with the BFA. LI Baodong welcomed this.

### **Secretary General LI Baodong Meets with HU Shuli, Founder & Publisher of Caixin Media**

On July 5, 2018, Secretary General LI Baodong met with HU Shuli, Founder & Publisher, Caixin Media, at the Secretariat of the BFA.



Since its inception in 2001, the BFA has been gaining in influence in Asia and the world. In keeping with the times, BFA will promote and lead the discussions on key international issues, and give full play to its role as a high-end platform of exchange for the government and enterprises, said LI Baodong.

HU Shuli said that Caixin Media expressed its hope – which was welcomed by LI Baodong – to become a partner of the BFA and strengthen cooperation with the BFA in, among other things, domestic and global conferences and topic research.

### **Secretary General LI Baodong Meets with former Australian Governor-General Philip Michael Jeffery**

On July 16, 2018, Secretary General LI Baodong met with Philip Michael Jeffery, the former Australian Governor-General, and the Australian delegation to the Davos Forum.



LI Baodong expressed his appreciation for Australia's support for the BFA as a sponsoring country over the years, and introduced the BFA's recent work plan and future development strategy. He hoped that all sectors of society in Australia would continue to support and participate in the BFA's meetings and activities.

Philip Michael Jeffery congratulated LI on serving as the secretary general of the BFA. He said that Australia is a staunch supporter of globalization and the multilateral trading system, and hoped that the two sides would foster exchanges and cooperation in such fields as agriculture, energy and trade. LI agreed with this.

### **Secretary General LI Baodong Meets with ZHANG Yaqin, President of Baidu Inc**

On July 20, 2018, Secretary General LI Baodong met with ZHANG Yaqin, President of Baidu Inc, at the Secretariat of the BFA.



LI expressed thanks to Baidu Inc and ZHANG Yaqin for their long-term care and support to the BFA. LI pointed out that with a focus on Asia and having a global perspective, BFA will focus on leading discussions in frontier areas such as science and technology innovation, education, culture, health and media; promote Asia's deeper involvement in global governance; and work with all parties to spread the voice of Asia.

ZHANG briefly introduced Baidu's latest technologies and products, including AI technology layout, release of Baidu Brain 3.0, Apollo 3.0, and DuerOS3.0. The BFA has become an important global platform of exchange for political and business circles, and Baidu would continue to work closely with the BFA in the future, said ZHANG.

## Asia

### **Post-Election: Visible Impact in Pakistan**

*Zamir Ahmed Awan, China Daily*

The general election in Pakistan was held on July 25, 2018. The result of this election was of great satisfaction for the people of Pakistan. Before the election, various speculations were floated in the media, like the election will be rigged, postponed, sabotaged, bring instability to the country, prompt terrorism, extremism, ethnic polarity and such. All such rumors were proven wrong and proved to be negative propaganda against Pakistan.

In fact, the election was very much free and fair and the people of Pakistan expressed their choice under no outside pressure. The authenticity of the election was verified by international observers and media. Law and order was under control on polling day in almost all parts of the country.

Pakistan Tehreek-e-Insaf (PTI) won and is in the process of forming a federal government, as well as in the two provinces of Punjab and Khyber Pakhtoonkhwa (KP). PTI was established 22 years ago and was struggling hard for a change in society. Finally, hard work and a long struggle of 22 years were fruitful and now the people of Pakistan are celebrating a big victory. PTI is a political force of youth, the middle class and lower class. PTI believes in merit, transparency, and justice for all. Unfortunately, Pakistan was ruled most of time in its history by a feudal elite who became richer after coming into power, while the middle class and lower class always have had to pay the cost of their luxury.

A visible change was witnessed just within a few days after the PTI's victory in Pakistan. The country has shown more stability and negative propaganda against Pakistan turned out to be wrong, terrorism has gone down, and extremism and ethnic polarity has reduced sharply. As a result, the country's stock exchange has improved gradually. Business community has shown trust and confidence in his leadership. Pakistani currency has become stronger day by day against US dollars and all other major foreign currencies. The trend in improving economy is very much visible and encouraging. International institutions have shown more trust in Pakistan. International community has welcomed the outcome of the election and extended support to PTI. American State department and Indian Prime minister has contacted him already. China is the first country to provide financial assistance to the new government and followed by Saudi Arabia; Islamic Development Bank has also pledged very well.

PTI Chairman Imran Khan made his maiden speech on July 26 just after winning the election, and announced his domestic priorities, as well as international relations. He specifically mentioned China and CPEC in his speech, and clarified all mis-concepts about his vision about China.

In 2013, there were general elections held in Pakistan, and as a result Pakistan Muslim League (Nawaz), PML-N came into power. But, PTI was of the opinion that the



elections were rigged and unfair. Imran Khan lodged protests and complained to respective authorities, but PML-N was not cooperating. As a result, he was not left any other option, except protest "Dharna" in front of National Assembly Democracy Chock, Islamabad, in 2014. It caused postponement of the official visit of Chinese president Xi Jinping to Pakistan. Since then, there was a misunderstanding that PTI might not welcome the Chinese president's visit.

During my last visit to China, just before the elections, I noticed that there existed concerns in Chinese society regarding PTI, and they were worried if PTI won the election, there might be a setback to Pakistan-China relations or a setback to the China-Pakistan Economic Corridor (CPEC). I tried to convince my Chinese friends that the relations between Pakistan and China are so strong that a change of government will have no negative impact on it. Our relations are time tested, all weather and strategic in nature. It cannot be harmed by any government change in either country. CPEC is our strategic decision and backed by the people of Pakistan. There will be no harm, whoever comes into power. CPEC is guaranteed by the Pakistan army. I have published several articles in the mainstream media, addressing the Chinese concerns.

However, now, I would like to break the good news that PTI Chairman Imran Khan likes China and supports CPEC. He is very much impressed by China's rapid development during the last four decades, especially how China pulled 700 million people from poverty. He wants to learn from the Chinese experience. He appreciated the anti-graft campaign launched in China. He wants to learn about this experience from China too. Yesterday, on 30 July 2016, Chinese Ambassador to Pakistan went to his residence to congratulate on his victory.

Based on his personality, I may convey, that during his tenure, Pakistan-China friendship will reach new records. Regarding CPEC, he believes in transparency and merit, he will speed up projects under CPEC and improve efficiency by curbing corruption and nepotism. The Chinese Foreign Ministry also has expressed similar sentiments. I request to Chinese companies and investors involved in CPEC, to have full faith and trust in the new government. I wish that CPEC will be a win-win situation and beneficial for both "Iron Brothers".

## Finance

### **The Euro Area Financial System: On-going Transformation**

*IMF*

The euro area financial system -- and especially the banking sector -- has been transformed over the last five years. It's now safer and better supervised than ever before. But much work remains to build an efficient, truly integrated financial system with banks that are sufficiently resilient to respond to new challenges.

The global financial crisis and subsequent crisis in the euro area spurred authorities to embark on a bold project to create a banking union. Banks across the area would compete and provide services on a level playing field.

The aim was not only to make the best use of resources, but also to sever the "doom loop" between the state of the financial system and government finances. The recently completed Financial Sector Assessment Program (FSAP) for the euro area takes an in-depth look at how far that project has progressed, and where further progress is most urgently needed.

#### **The same high standard for banks**

There is now a common framework to oversee the banking sector. The new "Single Supervisory Mechanism" (SSM) is designed to ensure that banks across the euro area are held to the same high standards. Under the SSM, euro area and national supervisors work together to identify concerns early on and deal with them before they become acute.

Policies are now also much more geared towards addressing macro-prudential risks—for example, when the price of housing in a region rises to unsustainable levels.

With thousands of banks in the euro area, occasional problems are inevitable, but the system for dealing with problem banks has been revamped. The "Single Resolution Mechanism" provides a range of instruments, procedures and facilities to handle such eventualities with minimal collateral damage to the rest of the economy or support from the taxpayer. This mechanism is not just a legal construct, but is embedded, for example, in detailed contingency planning and the accumulation of needed financial buffers.

#### **Stronger and more resilient banks**

The banks themselves are, in many ways, stronger and more resilient, with more and better capital and more stable funding. Some banks are especially vulnerable to credit risks and others more to market risks or funding risks, but the picture is diverse.

Financing from non-bank sources such as investment funds has increased significantly, supported by the Capital Markets Union (CMU) project, which aims to create a fully integrated capital market. Included are measures to help small firms raise financing across borders.

#### **Remaining fissures along national lines**

Yet important weaknesses remain, and financial markets are still fissured along national borders. The authorities and financial institutions need to make use of the current, relatively favorable circumstances to address these issues.

Many banks suffer from chronic low profitability even under present buoyant conditions. This inevitably reduces their resilience. Very often the low returns are due to stockpiles of nonperforming loans, but in other cases high operating costs seem to be responsible. For now, liquidity is plentiful and funding is cheap, but some banks may face challenges when monetary policy begins to normalize.

In some policy areas the SSM has to cope with a patchwork of national laws that create gaps and inconsistencies and work against the level playing field. A particular concern is the treatment of nonperforming loans, where a focused supervisory effort is beginning to pay off.

But to advance further, it would help to require banks to write down nonperforming loans in a time-bound way, improve the consistency of legal frameworks (for example, regarding credit rights) across countries, and sharpen valuation rules.

More progress in the practice of proactively addressing weak banks and in streamlining the legal and regulatory framework for resolution is needed to bolster the credibility of the new system. National frameworks vary widely, and incentives remain to “work around” approaches that may minimize the overall cost but also involve bailing in certain creditors.

Moreover, full credibility requires the further building up of buffers (notably “bail-in-able” liabilities that can absorb some losses; resources for funding in resolutions; and the European Deposit Insurance Scheme), and enough flexibility that contagion can be contained in a truly systemic event.

Further reforms are needed to deliver a genuinely single and integrated capital market. Greater harmonization of national insolvency regimes and securities regulations must be on the agenda. And the challenge is not just to create better instruments, but also to encourage the emergence of a large investor base interested in innovative and cross-border products.

## [China-US Trade](#)

### **BRICS A Powerful Force against US Protectionism**

*China Daily*

The invitation to the leaders of 22 emerging and developing countries, including 19 from Africa, made the just concluded BRICS summit in Johannesburg an even more important platform to demonstrate that the developing world and emerging economies as a whole, along with many developed economies, are strongly opposed to the Donald Trump administration's trade protectionist policies and punitive tariffs on imports.

The US administration has imposed high tariffs on imports from many economies, especially China, to push forward Trump's "America first" strategy. Some economies, China, India, and Russia in particular, have been forced to impose additional tariffs on US imports in response. And Brazil is worried about the US tariffs, on its steel products, even though its farmers may benefit from increased export of agricultural products to China.

A number of South African companies producing steel for the US market, including ArcelorMittal South Africa, the world's leading integrated steel and mining company, and Hulamin, an enterprise that supplies aluminum products for Elon Musk's Tesla vehicles, are also deeply worried about the US tariffs.

Also, the International Monetary Fund recently warned that the high US tariffs and tit-for-tat response from its trade partners could knock 0.5 percentage points off global growth by 2020. But the Trump administration has all but ignored that warning.

However, the US' trade policies have brought BRICS member states closer, and prompted them to try and unite the developing and emerging economies to oppose US policies, as evident from the statement issued at the BRICS summit.

Trump's trade policies have also prompted BRICS (Brazil, Russia, India, China and South Africa) to expedite the building of a platform for new instrumental dynamism and deep integration with other emerging and developing economies. The five member states of the group, for instance, have decided to increase intra-BRICS trade and lower tariffs against each other, because they have a collective interest in promoting free trade.

The BRICS group has made some remarkable achievements in fields such as finance, trade, agriculture, science, security and academic dialogue. The establishment of the BRICS New Development Bank and a business forum are two of its most important achievements. The BRICS members have already discussed greater financial integration and investment facilitation, including transaction settlement and direct investment in local currencies, consistent with their respective central bank's mandates.

The BRICS summit also took forward discussions on a "BRICS investment facilitation" mechanism to facilitate investments among the member states. South Africa, more



broadly Africa, can benefit from increased trade and investment with fast growing BRICS countries such as China and India, as BRICS accounts for more than 40 percent of the global population, represents some of the biggest emerging economies and has the potential to reshape world trade.

The theme of the Johannesburg summit, "BRICS in Africa: Collaboration for Inclusive Growth and Shared Prosperity in the 4th Industrial Revolution" indicates BRICS is committed to leading the next generation's development. India has pledged that it would like to work with BRICS on the issue of the Fourth Industrial Revolution to together prepare best practices and policies in this connection.

Besides, the Johannesburg summit provided a platform for BRICS members to hold important discussion on the sidelines. Russian President Vladimir Putin met with his Turkish counterpart Recep Tayyip Erdogan in Johannesburg on July 26 to discuss trade and other issues. And China and India held discussions on trade matters, not least because both have been at the receiving end of the US' punitive tariffs and trade restrictions. In fact, the two sides vowed to defend the World Trade Organization framework and rules.

With Trump pursuing protectionism and unilateralism against the global trend of multilateralism and economic globalization, the fate of international agreements appears under siege. In such circumstance, BRICS is perhaps one of the most important blocs that is openly opposing protectionism and promoting globalization and free trade, both in principle and action, and has thus emerged as the most potent force against US unilateralism.

## The US is at Risk of Losing a Trade War with China

Joseph E. Stiglitz

*The "best" outcome of President Donald Trump's narrow focus on the US trade deficit with China would be improvement in the bilateral balance, matched by an increase of an equal amount in the deficit with some other country (or countries). In fact, significantly reducing the bilateral trade deficit will prove difficult.*

NEWYORK – What was at first a trade skirmish – with US President Donald Trump imposing tariffs on steel and aluminum – appears to be quickly morphing into a full-scale trade war with China. If the truce agreed by Europe and the US holds, the US will be doing battle mainly with China, rather than the world (of course, the trade conflict with Canada and Mexico will continue to simmer, given US demands that neither country can or should accept).

Beyond the true, but by now platitudinous, assertion that everyone will lose, what can we say about the possible outcomes of Trump's trade war? First, macroeconomics always prevails: if the United States' domestic investment continues to exceed its savings, it will have to import capital and have a large trade deficit. Worse, because of the tax cuts enacted at the end of last year, the US fiscal deficit is reaching new records – recently projected to exceed \$1 trillion by 2020 – which means that the trade deficit almost surely will increase, whatever the outcome of the trade war. The only way that won't happen is if Trump leads the US into a recession, with incomes declining so much that investment and imports plummet.

The "best" outcome of Trump's narrow focus on the trade deficit with China would be improvement in the bilateral balance, matched by an increase of an equal amount in the deficit with some other country (or countries). The US might sell more natural gas to China and buy fewer washing machines; but it will sell less natural gas to other countries and buy washing machines or something else from Thailand or another country that has avoided the irascible Trump's wrath. But, because the US interfered with the market, it will be paying more for its imports and getting less for its exports than otherwise would have been the case. In short, the best outcome means that the US will be worse off than it is today.

The US has a problem, but it's not with China. It's at home: America has been saving too little. Trump, like so many of his compatriots, is immensely shortsighted. If he had a whit of understanding of economics and a long-term vision, he would have done what he could to increase national savings. That would have reduced the multilateral trade deficit.

There are obvious quick fixes: China could buy more American oil and then sell it on to others. This would not make an iota of difference, beyond perhaps a slight increase in transaction costs. But Trump could trumpet that he had eliminated the bilateral trade deficit.

In fact, significantly reducing the bilateral trade deficit in a meaningful way will prove difficult. As demand for Chinese goods decreases, the renminbi's exchange rate will

weaken – even without any government intervention. This will partly offset the effect of US tariffs; at the same time, it will increase China’s competitiveness with other countries—and this will be true even if China doesn’t use other instruments in its possession, like wage and price controls, or push strongly for productivity increases. China’s overall trade balance, like that of the US, is determined by its macroeconomics.

If China intervenes more actively and retaliates more aggressively, the change in the US-China trade balance could be even smaller. The relative pain each will inflict on the other is difficult to ascertain. China has more control of its economy, and has wanted to shift toward a growth model based on domestic demand rather than investment and exports. The US is simply helping China do what it has already been trying to do. On the other hand, US actions come at a time when China is trying to manage excess leverage and excess capacity; at least in some sectors, the US will make these tasks all the more difficult.

This much is clear: if Trump’s objective is to stop China from pursuing its “Made in China 2025” policy – adopted in 2015 to further its 40-year goal of narrowing the income gap between China and the advanced countries – he will almost surely fail. On the contrary, Trump’s actions will only strengthen Chinese leaders’ resolve to boost innovation and achieve technological supremacy, as they realize that they can’t rely on others, and that the US is actively hostile.

If a country enters a war, trade or otherwise, it should be sure that good generals – with clearly defined objectives, a viable strategy, and popular support – are in charge. It is here that the differences between China and the US appear so great. No country could have a more unqualified economic team than Trump’s, and a majority of Americans are not behind the trade war.

Public support will wane even further as Americans realize that they lose doubly from this war: jobs will disappear, not only because of China’s retaliatory measures, but also because US tariffs increase the price of US exports and make them less competitive; and the prices of the goods they buy will rise. This may force the dollar’s exchange rate to fall, increasing inflation in the US even more – giving rise to still more opposition. The Fed is likely then to raise interest rates, leading to weaker investment and growth and more unemployment.

Trump has shown how he responds when his lies are exposed or his policies are failing: he doubles down. China has repeatedly offered face-saving ways for Trump to leave the battlefield and declare victory. But he refuses to take them up. Perhaps hope can be found in three of his other traits: his focus on appearance over substance, his unpredictability, and his love of “big man” politics. Perhaps in a grand meeting with President Xi Jinping, he can declare the problem solved, with some minor adjustments of tariffs here and there, and some new gesture toward market opening that China had already planned to announce, and everyone can go home happy.

In this scenario, Trump will have “solved,” imperfectly, a problem that he created. But the world following his foolish trade war will still be different: more uncertain, less confident in the international rule of law, and with harder borders. Trump has changed the world, permanently, for the worse. Even with the best possible

outcomes, the only winner is Trump – with his outsize ego pumped up just a little more.



## Technology & Innovation

### **Is Technology The Secret to Cleaning Up The Oceans?**

*Rick Stafford, The Conversation*

Our oceans are threatened by three major challenges: climate change, overfishing and pollution. Plastic pollution is of growing concern, and has gained international attention from governments, media and large sections of the public, partly fuelled by last year's BBC documentary Blue Planet II and its images of sperm whales and seabirds entangled or ingesting plastic debris.

Despite the attention plastic pollution has received, some scientists think this is the least important of the major marine threats, and that climate change and fisheries need more urgent attention.

This is not to say that plastic is not a major issue – it is, especially in some parts of the developing world, and in large open ocean gyre systems where ocean currents meet and all that they carry accumulates. Research has also found that microplastics (small fragments which form as larger plastic pieces are broken down in the sea) are found in seafood, and plastic may even accumulate as it passes up the foodchain.

#### **The Ocean Cleanup**

One reason why plastic pollution seems to get more attention than other threats to the ocean is that the issue may have a technological "fix". The Ocean Cleanup is the flagship tech solution to marine plastic and proposes using several 600-metre long barriers to float in the ocean current and catch plastic drifting in the surface waters of the gyres.

Invented by a then 19-year-old student, the idea has come in for criticism in recent years with concerns ranging from the project's ability to reach microplastics to it causing harm to wildlife.

Nevertheless, the Ocean Cleanup has captured imaginations by trying to reverse the problem of ocean plastic on a large scale.

We're familiar with the idea that we can all do something to prevent plastic ending up in the sea, such as refusing plastic straws and carrying a refillable water bottle. However, while we need to use less, we also need to produce less, and throw away less of it. This means not only individual behaviour change, but changes in industrial processes, and government policies worldwide.

The visual impact of plastic pollution and high levels of public interest might be fundamental to some solutions. In many countries, local beach cleans are a regular occurrence, and are rapidly gaining in popularity. It has also been suggested that despite plastic hotspots in ocean gyres, eventually, many large plastic items will wash up on beaches, and that a significant proportion of plastic waste ending up in the sea comes from coastal or riverside communities.

**Think global, act local**

This provides hope for community networks to be formed that can combat plastic pollution at a local level. These networks need to expand beyond beach or river clean-ups to involve and engage multiple groups and individuals in society.

These stakeholders, who have a shared interest in healthy oceans, should include local retailers who can provide deposit return schemes on bottles and other recyclable materials and even reduce or eliminate the sale of products such as plastic straws, disposable coffee cups, plastic bags and takeaway containers.

Local councils could set up rubbish and recycling facilities for beach goers and enforce penalties for littering and fly tipping near beaches and rivers.

Communities in charge of managing their local environment have been shown to be effective in coastal areas, but issues always arise with the scaling-up of these approaches to national or international levels.

There is clearly a need for policies which support local initiatives, rather than combat them. For example, government policies should immediately call for bans on non-essential plastic packaging rather than “working to a target of eliminating avoidable plastic waste by the end of 2042” as the UK’s 25 year environmental plan currently indicates.

Remaining non-essential packaging should urgently be made recyclable, and recycling incentive schemes, such as payment for recycling, need to be introduced quickly, beyond the approaches used by local retailers.

Technological solutions can and should form part of our approach to environmental problems, whether plastic pollution or climate change. However, they can only be part of a solution.

Schemes which change attitudes and empower communities at a local level can be effective worldwide, but they need support from national and international policies to bring about real change. At present, pollution and natural resources are dismissed as necessary casualties in the pursuit of economic growth.

Support for seaside communities in policy is missing, and until it is in place, no high tech miracle will step in to save us.

[WEO Update](#)

**Less Even Expansion, Rising Trade Tensions**

*(Please see attached the PDFversion of the report)*