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THE US-CHINA BUSINESS COUNCIL
美中贸易全国委员会



**The Honorable Carla A. Hills
Remarks at USCBC Gala
December 5, 2018**

Thank you, Evan, for that very warm and generous introduction. It is a privilege to join your many distinguished guests, Ambassador Cui, so many diplomats, and friends. I am deeply honored to receive this award from the US-China Business Council as it celebrates 45 years of skillfully working to facilitate the expansion of the US-China commercial relationship to the benefit of its members, but more broadly, to the US economy.

As we gather this evening on this Day of Remembrance for George Herbert Walker Bush, our 41st president, I reflect on the honor that I had of serving in his administration. He brought to the Oval Office extraordinary experience, wisdom, and leadership: in the military, as congressman, ambassador to the United Nations, US envoy to China, head of the Central Intelligence Agency, vice president, and then as president. He set a model for all of us.

I have been asked to say a few words about our economic relationship with China today, the opportunities we have for positive engagement going forward, and the role that each of us can play to ensure that this occurs.

I do not have to tell you that these are turbulent times—economically, politically, and technologically—that are affecting our domestic, bilateral, and global relationships.

Over the past two years, our trade policy has become unilateral rather than global. This is a sharp reversal from long-standing US policy. Since World War II, whether under democratic or republican administrations, our government has worked to open global markets, firmly believing that the free flow of goods, services, capital, and ideas would provide benefits for nations both rich and poor. Today, our focus is more on bilateral deficits and our primary trade weapon is tariffs.

This past weekend, the Group of 20 (G20) nations met in Argentina, and trade issues, particularly, our differences with China—although not on the official agenda—overshadowed all other issues. In advance of the meeting, many China experts expressed grave concern that there would be a rupture in the bilateral relationship; others disagreed. On Saturday evening, President Trump and President Xi had dinner together and agreed to a truce over the next 90 days. According to the US statement, agreement was reached in a number of areas including that:

- The United States will not raise its 10 percent tariff on Chinese goods to 25 percent on January 1. But, that option is open if no deal is reached in the next 90 days.
- The two parties will negotiate on forced technology transfer, improved intellectual property protection, non-tariff barriers, and cyber theft.
- China will purchase “very substantial” farm, energy, and industrial products.

Hopefully, over the next three months, we can achieve positive outcomes. We know that tariffs are not the answer, for history teaches that protectionism destroys far more jobs than it creates.

In my view, we need to reactivate the regular high-level meetings of the Comprehensive Economic Dialogue that the two Presidents talked about in April 2017, and we would benefit from establishing joint working groups to come up with a plan for potential solutions to specific issues, including market access and protection of intellectual property. We also need to work with our allies, including China, to modernize the World Trade Organization. Many of the issues we confront today did not exist when it was established in 1995.

On Saturday, the G20 unanimously issued a communique vowing to move ahead on changes needed to make the World Trade Organization more effective. It also called for implementation of the recommendations of the Global Forum on Steel Excess Capacity issued in September. Follow-through on these efforts by countries representing 75 percent of global trade would be a good first step in reducing trade tension.

January 1 will mark the 40th anniversary of the normalization of US-China relations. The gains made in the intervening 40 years have been hugely beneficial to both sides. Our aim must be to increase areas of collaboration and reduce areas of friction.

President George H. W. Bush, who served as our envoy to China in the mid-70s and skillfully led our nation’s response to the Tiananmen crisis in the late- 80s, stated in his *China Diaries*:

“One of my dreams for the world is that these two powerful giants will continue working together toward a full partnership and friendship that will bring peace and prosperity to people everywhere.”

Members of the US-China Business Council can help this dream become reality. In the past, business interaction with mayors, governors, congressional and provincial leaders, suppliers, and purchasers on both sides of the Pacific have been the strongest pillars supporting a strong and constructive bilateral relationship. We need that support today more than ever, and you can continue to make a difference.

As Margaret Mead stated and is often quoted:

“Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that has.”

I thank you for this great honor. And I look forward to continuing to work with the spectacular group of leaders that comprise the US-China Business Council. Thank you so much for this evening.