U.S.-China Economic and Security Review Commission
Economics and Trade Bulletin

May 9, 2019

Highlights of This Month's Edition

- **Bilateral trade:** U.S. goods deficit with China declined in Q1 2019 to $80 billion, down 12.2 percent year-on-year; in 2018, U.S. services surplus in China grew less than 1 percent, as exports increased 2.2 percent and imports increased 5.5 percent.
- **Bilateral policy issues:** The United States won a WTO dispute against China for unfairly administering its tariff-rate quotas for wheat, corn, and rice; the EU is reported to have won a dispute brought by China over continuing to treat China as a nonmarket economy for the purposes of applying antidumping duties.
- **Policy trends in China's economy:** Beijing attempted to recast the Belt and Road Initiative's image in its second forum, following international pushback on debt-trap diplomacy and corruption; regulators released new rules for the highly anticipated high-tech board on the Shanghai Stock Exchange.
- **Quarterly review of China's economy:** China recorded GDP growth of 6.4 percent in the first quarter of 2019 as key economic indicators rebounded from the end of 2018; policymakers leaned heavily on fiscal measures to shore up growth in place of monetary easing, creating concerns about the sustainability of local government debt growth and an expanding budget deficit.

Contents

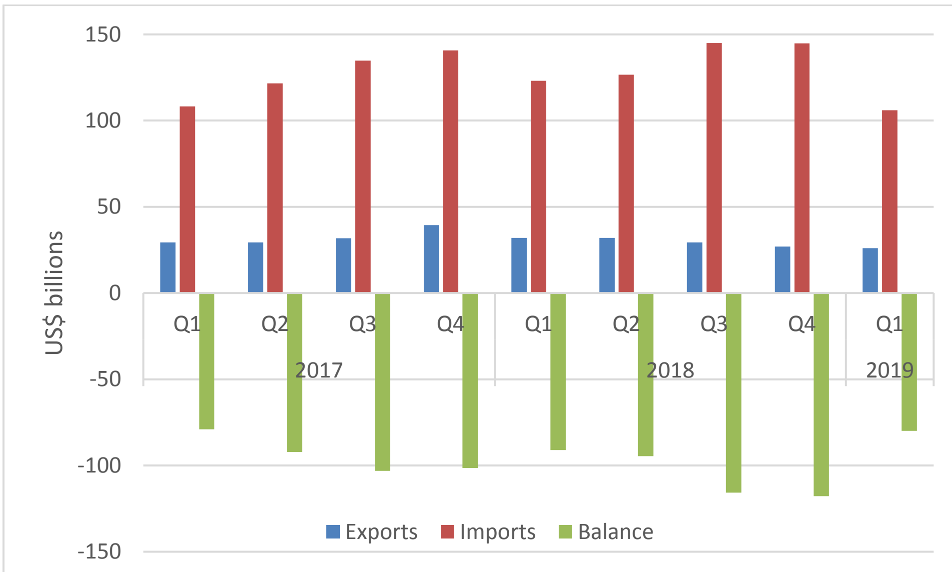
This issue of the Economics and Trade Bulletin *was prepared by Nargiza Salidjanova, Lauren Dudley, Charles Horne, Sean O'Connor, and Suzanna Stephens. For inquiries, please contact us at* contact@uscc.gov.

Bilateral Trade

U.S. Goods Trade with China slows in Q1 2019

In the first quarter of 2019, U.S. goods deficit with China was around $80 billion, a decline of 12.2 percent from the first quarter of 2018 (see Figure 1). Falling exports and imports contributed to the decline, with U.S. exports to China reaching $26 billion (down 18.8 percent year-on-year) and U.S. imports totaling $106 billion (down 13.9 percent year-on-year).

Figure 1: Quarterly Trade with China, Q1 2017 – Q1 2019



Source: U.S. Census Bureau, Trade in Goods with China, May 9, 2019. *https://www.census.gov/foreign-trade/balance/c5700.html*.

Three of the Top Five U.S. Exports to China Fall; Imports Down across the Board

In the first quarter of 2019, transportation equipment continued to lead U.S. exports to China, but recorded a 6.8 percent decline year-on-year (see Table 1). U.S. exports of agricultural products—a category particularly impacted by Chinese retaliatory tariffs—were down 44.7 percent over Q1 2018. On the import side, computer and electronic products accounted for a full 30 percent of all U.S. imports from China, but showed a market decline year-on-year, as tariffs continue to impact trading patterns.

Table 1: U.S. Trade with China: Top Five Exports and Imports, Q1 2019

U.S. Top-Five Exports to China	Exports (in US$ millions)	Share of total (%)	Change over Q1'18 (%)	U.S. Top-Five Imports from China	Imports (in US$ millions)	Share of total (%)	Change over Q1'18 (%)
Quarter 1 (Jan-March'19)				*Quarter 1 (Jan-March'19)*			
Transportation Equipment	5,644.81	21.7%	-6.8%	Computer & Electronic Products	31,803.62	30.0%	-25.0%
Computer & Electronic Products	4,759.49	18.3%	15.4%	Electrical Equipment, Appliances & Components	10,131.13	9.6%	-7.8%
Chemicals	4,201.61	16.2%	7.1%	Machinery, Except Electrical	8,657.78	8.2%	-11.0%
Machinery, Except Electrical	2,144.32	8.2%	-8.8%	Miscellaneous Manufactured Commodities	8,499.86	8.0%	-5.5%
Agricultural Products	2,069.37	8.0%	-44.7%	Apparel & Accessories	6,227.86	5.9%	-1.8%
Other	$7,175	27.6%		Other	$40,654	34.8%	
Total	25,994.42	**100.0%**		**Total**	105,973.90	**100.0%**	

Source: U.S. Census Bureau, USA Trade Online, May 9, 2019. *https://usatrade.census.gov/*.

Advanced Technology Products Deficit Down 36 Percent

In Q1 2019, U.S. deficit with China in advanced technology products (ATP) totaled $20.2 billion, down 36 percent year-on-year (see Table 2). ATP imports totaled $29.4 billion, down from $39.7 billion in Q1 2018. Falling imports of information and communications technology (the largest import product category for U.S.-China ATP trade) drove the overall decline in U.S. ATP imports: in Q1 2019, the United States imported $26.1 billion worth of products in this category, down from $36.1 billion in Q1 2018.

Table 2: U.S. Trade with China in ATP, Q1 2019
(US$ millions)

	Exports	Imports	Balance Q1'2019	Balance Q1'2018	Balance YOY
TOTAL	**$9,158**	**$29,377**	**-$20,219**	**-$31,695**	**-36.2%**
(01) Biotechnology	$909	$44	$865	$161	436.4%
(02) Life Science	$849	$599	$250	$221	13.3%
(03) Opto-Electronics	$125	$1,194	-$1,069	-$769	39.0%
(04) Information & Communications	$904	$26,097	-$25,193	-$35,122	-28.3%
(05) Electronics	$2,400	$827	$1,573	$343	358.2%
(06) Flexible Manufacturing	$630	$244	$386	$421	-8.3%
(07) Advanced Materials	$59	$75	-$16	-$34	-53.4%
(08) Aerospace	$3,258	$275	$2,983	$3,087	-3.4%
(09) Weapons	$0	$22	-$22	-$24	-9.0%
(10) Nuclear Technology	$24	$0	$24	$21	12.8%

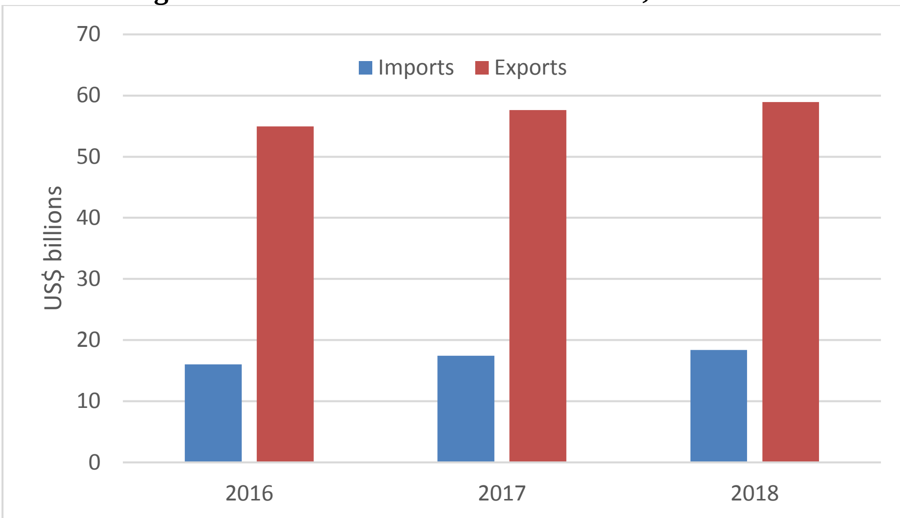
Source: U.S. Census Bureau, U.S. Trade with China in Advanced Technology Products, May 9, 2019. *https://www.census.gov/foreign-trade/statistics/product/atp/2019/03/ctryatp/atp5700.html*.

U.S. Services Trade with China

In 2018, the United States ran a $40.5 billion services surplus with China, up less than 1 percent from $40.2 billion in 2017 (see Figure 2).[1] U.S. services exports to China grew to $59 billion, up 2.2 percent from 2017, while imports from China were $18.4 billion, up 5.5 percent from 2018.[2] Although U.S. services exports and imports have increased in absolute terms in 2018, the pace of growth has slowed.[3]

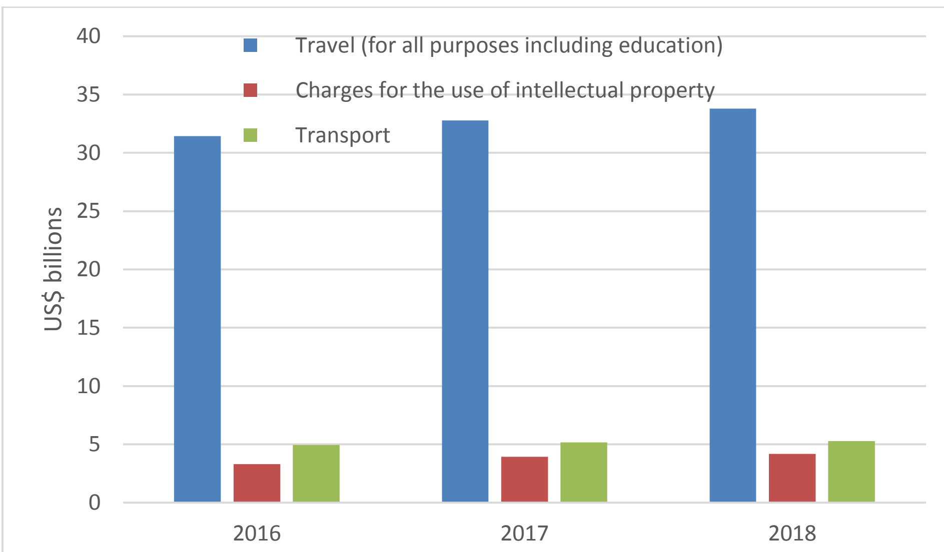
U.S. services exports to China are dominated by tourism (which includes Chinese students in the United States), charges for the use of intellectual property, and transport (see Figure 3).[4] Exports of tourism and education grew modestly in 2018, increasing 3.1 percent from 2017,[5] while charges for the use of intellectual property and transport exports grew 5.9 percent and 2 percent, respectively.[6]

Figure 2: U.S. Services Trade with China, 2016–2018



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *U.S. Trade in Goods and Services by Selected Countries and Areas, 1999-Present*, U.S. Department of Commerce, Foreign Trade Division, March 27, 2019.

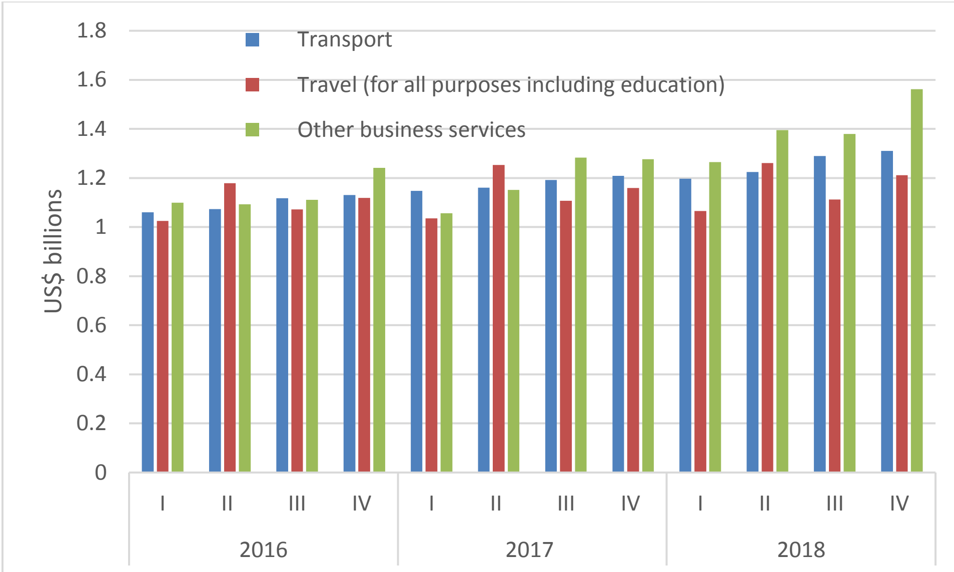
Figure 3: Top U.S. Service Exports, 2016–2018



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *U.S. Trade in Goods and Services by Selected Countries and Areas, 1999-Present*, U.S. Department of Commerce, Foreign Trade Division, March 27, 2019.

"Other business services" emerged as the top U.S. service import from China, growing to $5.6 billion in 2018, up 17.5 percent year-on-year.[7] The other top two sectors also grew in 2018, with transport imports increasing 6.6 percent and travel imports (for all purposes including education) increasing 2.1 percent (see Figure 4).[8]

Figure 4: U.S. Services Imports from China, 2016–2018



Source: U.S. Department of Commerce, Bureau of Economic Analysis, *U.S. Trade in Goods and Services by Selected Countries and Areas, 1999-Present*, U.S. Department of Commerce, Foreign Trade Division, March 27, 2019.

Bilateral Policy Issues

United States, EU Win Cases against China at World Trade Organization

In April 2019, the United States won a World Trade Organization (WTO) ruling against China's "administration of its tariff rate quotas, including those for wheat, … rice, and corn."[9] The ruling found that the administration of China's tariff-rate quota (TRQ)[*] is not transparent, predictable, or fair, and thus represents a violation of the country's WTO commitments.[10] The United States originally requested consultations over China's TRQ program in December 2016.[11] According to the Office of the U.S. Trade Representative, if China had fully used its TRQs, it would have imported as much as $3.5 billion worth of additional corn, wheat, and rice in 2015 alone.[†] [12] The ruling comes two months after the WTO sided with the United States in a case arguing China's subsidies for corn, wheat, and rice violated its WTO commitments.[13] China can still appeal the ruling on its use of TRQs, although it appears unlikely to do so after choosing not to appeal the February 2019 decision on its agriculture subsidy programs.[14]

Bloomberg reported in April 2019 that China lost a WTO dispute it brought against the EU arguing that under the terms of China's 2001 WTO accession, it automatically qualified as a market economy effective in 2016. The WTO ruling allegedly found that China does not automatically qualify for market economic status, allowing the EU to tax dumped Chinese products at a higher margin. In 2016, China brought a nearly identical case against the United States for failing to recognize China as a market economy, but the dispute is still in the initial consultation phase.[15]

Policy Trends in China's Economy

Second Belt and Road Forum Aims to Reset Image of Debt-Trap Diplomacy

Beijing convened the second Belt and Road Forum from April 25 to 27, welcoming leaders from 37 countries[‡] and delegations from more than 150 countries and 90 international organizations, according to the forum's website.

---

[*] TRQs are tiered tariffs, with a set volume of imports taxed at a lower tariff level while subsequent exports are charged a higher tariff rate.

[†] For more U.S.-China agricultural trade, see U.S.-China Economic and Security Review Commission, Chapter 1, Section 3, "China's Agricultural Policies: Trade, Investment, Safety, and Innovation" in *2018 Annual Report*, November 2018.

[‡] Indonesia, which China counts among the 37 countries, sent its vice president, Jusuf Kalla, rather than the head of state. The 37 countries are: Austria, Azerbaijan, Belarus, Brunei, Cambodia, Chile, Cyprus, Czech Republic, Djibouti, Egypt, Ethiopia, Greece, Hungary,

Chinese President and General Secretary of the Chinese Communist Party Xi Jinping's messaging during the forum primarily sought to rebuild the Belt and Road Initiative's (BRI) tarnished global image in the wake of high-profile scandals, poor transparency and environmental standards in BRI projects, and global concerns over China's potential use of funding to seize assets from debtor nations.[16]

By sheer numbers, attendance and deal signing at the forum suggested international misgivings over BRI's aims and execution have not diminished world leaders' interest (see Table 3). Seven more heads of state attended the second forum than the first, which was held in May 2017. The composition of world leaders in attendance suggests Beijing may be struggling to make inroads in some key regions within BRI's initial plan to follow the ancient Silk Road: from the Middle East, only the United Arab Emirates sent a top-level representative, and from South Asia, only Nepal and Pakistan sent top-level representatives.[17] On the other hand, one-third of heads of state in attendance were from Europe.[18]

At $64 billion, the dollar value of funding announced was significantly below the $115 billion announced at the first forum. Notably, the nature of financing also differed, with mostly bilateral funding deals, versus multilateral funding mechanisms specific to BRI that were a hallmark of the first forum (e.g., President Xi's pledge to contribute an additional $14.5 billion to China's Silk Road Fund).[19]

Table 3: Attendance, Deals, and Agreements at the First and Second Belt and Road Forums

	First (May 14–15, 2017)	Second (April 25–27, 2019)
Heads of State in Attendance	29	36
Africa	2	5
Central Asia	3	4
East Asia (excluding China itself)	1	1
Europe (including Russia and Azerbaijan)	10	12
Middle East (including Turkey)	1	1
North America*	0	0
Pacific Islands	1	1
South America	2	1
Southeast Asia	7	9
South Asia	2	2
Agreements and Project Deals Signed	More than 270	283
Value of Deals Signed or Pledges Made	$115 billion	$64 billion

Note: In 2017, the United States sent Matthew Pottinger, the National Security Council's senior director for Asia, but it did not send anyone in 2019.
Source: Various.[20]

Official pronouncements at the forum showed consistency with the tone and fanfare of the 2017 forum, but the content of deliverables was clearly tailored to respond to international concerns. While President Xi reiterated China's message that BRI is about mutually beneficial outcomes rather than securing geopolitical advantage for Beijing, the second forum announced multiple initiatives to improve environmental sustainability of BRI projects, including a program to train 1,500 environmental officials in BRI countries, creation of a debt sustainability assessment framework, and seminars on anticorruption and business integrity.[21] Chinese agencies also signed a number of bilateral agreements to improve transparency, such as auditing cooperation between China's Ministry of Finance and regulators in Malaysia and Japan.[22]

Domestically, Beijing has also sought to rein in BRI, and is currently drafting guidelines that would define the requirements for projects branded under the BRI umbrella.[23] China's economic planner, the National Development

Indonesia, Italy, Kazakhstan, Kenya, Kyrgyzstan, Laos, Malaysia, Mongolia, Mozambique, Myanmar, Nepal, Pakistan, Papua New Guinea, Philippines, Portugal, Russia, Serbia, Singapore, Switzerland, Tajikistan, Thailand, United Arab Emirates, Uzbekistan, and Vietnam. Hui Yew-Foong, "Opinion: As Belt and Road Investment Flow into Indonesia, Chinese Firms Must Learn to Navigate Culture Shock," *South China Morning Post,* May 3, 2019. *https://www.scmp.com/week-asia/society/article/3008679/belt-and-road-investments-flow-indonesia-chinese-firms-must-learn*; Liu Hua, "Xi Jinping to Attend Second Belt and Road International Cooperation Forum and Related Activities," *Xinhua*, April 19, 2019. Translation. *http://www.xinhuanet.com/2019-04/19/c_1124389167.htm*.

and Reform Commission, is also devising a list of approved projects and entities, according to reporting from Bloomberg.[24] This effort to legitimize BRI projects—a full six years after BRI's launch—could serve as a convenient reset for Beijing to distance itself from projects it fears may contribute to international backlash, even if they were initially launched under the informal auspices of BRI.

Beijing's recalibration may not mark a setback for BRI, so much as progress on a learning curve. As a geopolitical stratagem, BRI's breadth and amorphous nature means it does not need to succeed everywhere to undermine a rules-based international order. BRI continues to make China a major creditor to countries in regions that are strategically important to the United States, and China does not need to seize assets to wield this relationship as a geopolitical tool for privileged access within these nations' economies.

New High-Tech Board on the Shanghai Stock Exchange

In November 2018, President Xi announced the Science and Technology Board ("high-tech board"), a high-tech stock board to be launched on the Shanghai Stock Exchange (SSE) to promote the flow of capital to strategic industries.[25] The Chinese government outlined a series of liberalization efforts to incentivize high-tech Chinese companies to list in China rather than in Hong Kong (such as Tencent), or in New York (such as Alibaba, Baidu, and JD.com).[26] Liberalization efforts include testing a market-based registration system for initial public offerings (IPOs) to shorten the time for regulatory approval, lowering the listing threshold,[*] allowing "more appropriate and differentiated arrangements" in terms of companies' profitability and shareholding structures (including companies with weighted voting rights), eliminating caps on first-day trading, and removing the implicit limit of a valuation 23 times earnings.[27] The China Securities Regulatory Commission (CSRC) has also pledged to speed up the listing review process to further incentivize Chinese companies to list on the high-tech board.[28]

These changes seek to attract the listing of companies that (1) possess critical technology and breakthrough achievements in line with Chinese national strategy; (2) are active in high-tech industries and strategic emerging industries such as information technology, high-end equipment, new materials, new energy, eco-friendly technology, and biomedicine; and (3) have a focus on the integration of internet, cloud computing, big data, artificial intelligence, and high-end manufacturing.[29] Many analysts have compared the high-tech board to Nasdaq.[30]

On April 16, 2019, the CSRC and SSE unveiled and promulgated new rules for the high-tech board, applying to strategic investors and related subsidiaries of listed companies.[31] Some of the main rules include:

- Funds on the high-tech board should be self-owned funds, unless otherwise specified by the CSRC;
- Sponsors of IPOs must buy 2 to 5 percent of the new shares;
- Sponsors should invest in the stocks through their investment subsidiaries with their own funds and should not affect normal production and operation of the issuer;
- The number of shares issued using the over-allotment option shall not exceed 15 percent of the number of IPOs.

While the Chinese government has officially taken a step back from publicly promoting state-led industrial policy plans like Made in China 2025 amid widespread scrutiny and pushback, the high-tech board serves as another way for Beijing to funnel private capital into strategic sectors.[32] The high-tech board is also expected to provide an alternative funding option for Chinese companies in sensitive sectors, such as network information security and coding technology; currently, national security-related restrictions prohibit companies in these sectors from accepting foreign capital.[33]

While there has been excitement about the high-tech board among investors and buy-in from over 100 Chinese companies,[†] the success of the board in attracting high-profile Chinese companies is unclear. Many Chinese companies prefer to list in the United States, where they can generate higher earnings; in 2018, Chinese companies

[*] Listing thresholds are rules that require companies to meet certain standards before being able to go public, particularly related to profitability. Chinese authorities' promise to lower the listing threshold suggests companies that are not yet profitable could still list on the high-tech board, widely seen as a measure to attract Chinese start-ups.

[†] As of May 7, 2019, 20 Chinese high-tech companies had been accepted on the board, while 82 more were inquiring about listing on the board, according to the SSE. Shanghai Stock Exchange, "Program Dynamics," *http://kcb.sse.com.cn/renewal/*.

accounted for 17 percent of U.S. IPOs.[34] As of May 7, 2019, there were 173 Chinese companies listed on U.S. stock exchanges.[35]

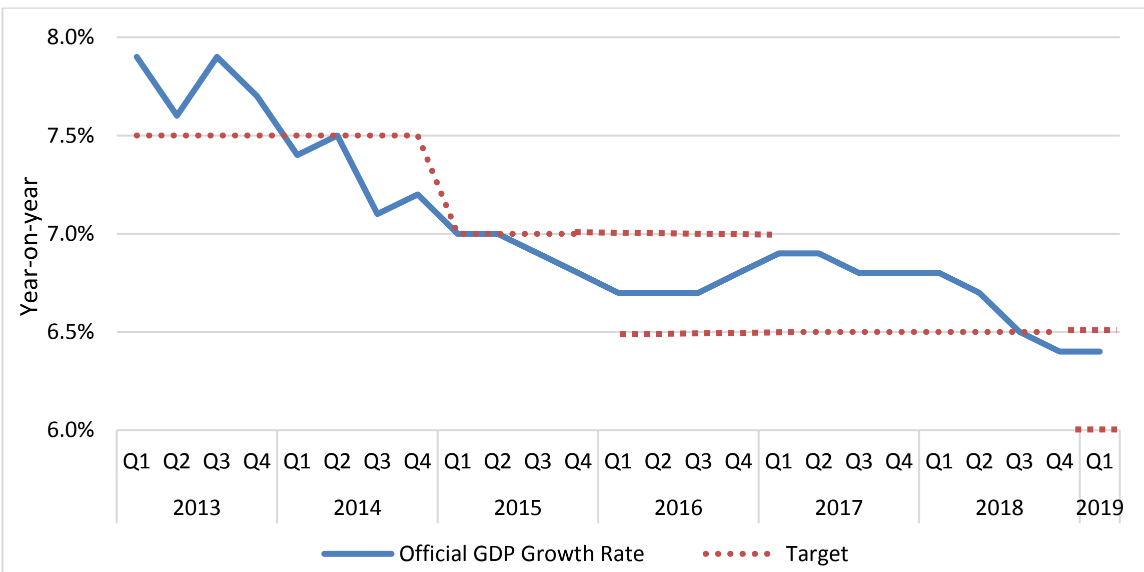
On April 22, 2019, Douyu, one of China's top streaming start-ups backed by Tencent, submitted an initial filing to the U.S. Securities and Exchange Commission (SEC) indicating its intent to list on the New York Stock Exchange (NYSE).[36] However, on May 7 the company announced it is delaying its IPO roadshow given the global market turmoil amid renewed trade tensions.[37] On the same day Douyu filed with the SEC to list on the NYSE, three other Chinese companies also listed, showing a continued appetite among Chinese companies to access U.S. capital despite the creation of the high-tech board.[38]

Quarterly Review of China's Economy

China's GDP Grows 6.4 Percent in Q1 2019 as Key Economic Drivers Recover

In the first quarter of 2019, China posted an official gross domestic product (GDP) growth rate of 6.4 percent, the same rate as the fourth quarter of 2018 but down from 6.6 percent year-on-year growth in all of 2018 (see Figure 5).[39] The Chinese government has set a GDP growth target of between 6 and 6.5 percent in 2019.[40] The continued deceleration of GDP growth comes amid trade tensions with the United States and Chinese government efforts to reduce credit growth and curb the country's growing debt levels.

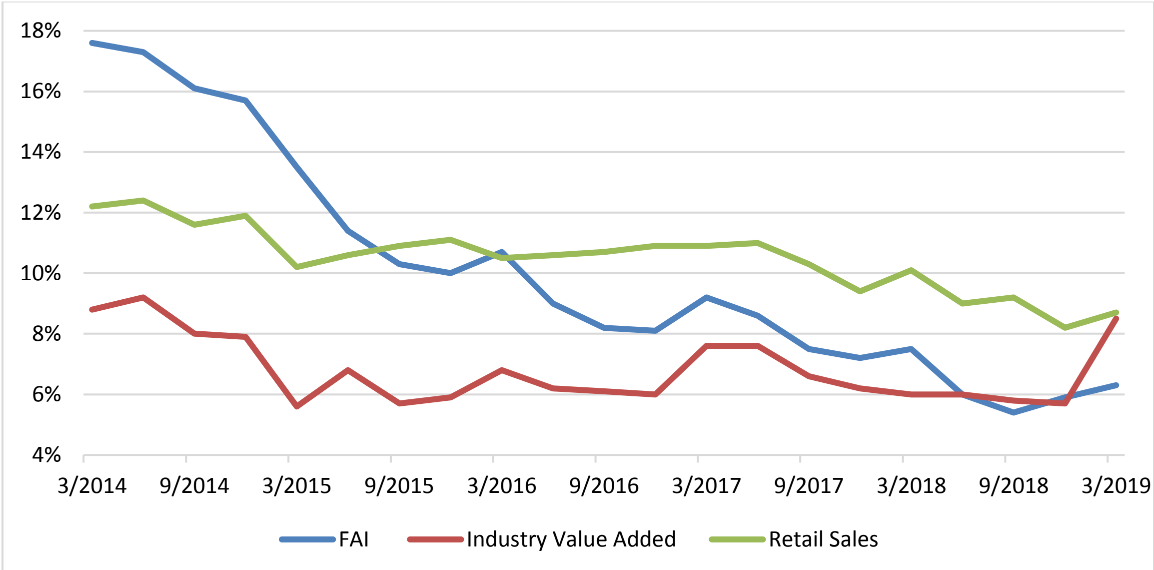
Figure 5: China's Official GDP Growth, 2013–Q1 2019
(year-on-year)



Note: In 2016, the target was set at a range of 6.5–7.0 percent GDP growth. In 2019, the target is set at a range of 6.0–6.5 percent.
Source: China's National Bureau of Statistics via CEIC database.

Although GDP growth remains at a nearly 30-year low, key drivers of China's economy—like fixed-asset investment (FAI), industrial output, and retail sales growth—showed signs of a resurgence in the first quarter (see Figure 6).[41] FAI—a traditional driver of China's economy that measures investment in physical assets such as buildings, machinery, and equipment—rose 6.3 percent in the first quarter of the year, up from 5.9 percent in 2018.[42] China's industrial output, meanwhile, grew 8.5 percent year-on-year in the first quarter, compared with 6.2 percent in all of 2018.[43] And retail sales, a reliable indicator of consumer demand, increased 8.7 percent year-on-year in the first quarter, down slightly from 90 percent in all of 2018.[44]

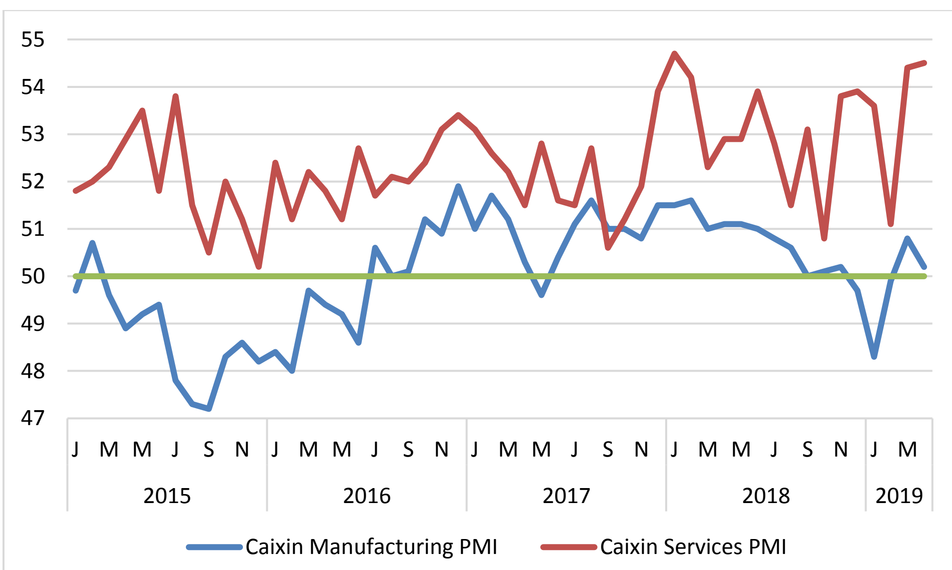
Figure 6: Key Indicators of China's Economy, 2014–Q1 2019
(year-on-year)



Source: China's National Bureau of Statistics via CEIC database.

Unofficial estimates by the Chinese financial media firm Caixin found China's manufacturing Purchasing Managers' Index (PMI)* was to 50.2 in April 2019, up from a three-year low of 48.3 in January (see Figure 7).[45] With a PMI of 50.8, March marked the first monthly expansion in the manufacturing sector since November 2018.[46] According to Tommy Xie, head of China research at the Singaporean bank OCBC, China's "slightly softer" April PMI data may not be a sign of slowing production, but rather a result of increased inventories in March as many companies increased production to take advantage of value-added tax cuts that went into effect in early April.[47] China's services sector—which accounts for more than half of China's economy—continued its steady growth, with services PMI coming in at 54.5 in April 2019, a 15-month high.[48]

Figure 7: Caixin Services and Manufacturing PMIs, 2015–Q1 2019



Note: A reading above 50 indicates expansion; a reading below 50 shows contraction.

* The PMI measures the production level, new orders, inventories, supplier deliveries, and employment level to gauge the economic activity level in the services and manufacturing sector.

Source: Caixin and IHS Markit, "Caixin China General Manufacturing PMI," Markit Economics, April 30, 2019. *https://www.markiteconomics.com/Public/Home/PressRelease/26c51700cb5f4224bda8595676615fdb*; Caixin and IHS Markit, "Caixin China General Services PMI," Markit Economics, May 6, 2019. *https://news.ihsmarkit.com/press-release/caixin-china-general-services-pmi.*

Trading Fiscal for Monetary Stimulus: Still Risky

Despite slowing growth and economic headwinds from trade tensions, Chinese policymakers maintained their commitment to eschewing massive monetary stimulus during the first quarter, instead resorting to a range of fiscal inducements to shore up economic growth. Results have been moderately effective in forestalling the slowdown, but could increase risks policymakers sought to stem in avoiding monetary stimulus. Increases in quotas for local government bond issuance exacerbate leverage, while tax cuts could constrict fiscal revenue in ways that prove unsustainable.

The fiscal stimulus marks a carryover and doubling down of policy trends initiated at the end of 2018 and beginning of 2019: faced with slowing growth and a private sector cut off from credit as a consequence of the government's deleveraging campaign, President Xi sought to throw private companies a lifeline by slashing various corporate taxes; in late December the State Council approved a round of special purpose bonds for quick issue in January to fund a new series of infrastructure projects.[49]

At China's annual legislative session in March, the so-called "Two Meetings," Premier Li Keqiang announced a raft of new fiscal stimulus measures that deepen China's reliance on slashing tax revenue to help businesses, and expanded the amount debt-laden local governments are allowed to borrow (see Table 4).

Table 4: Fiscal Stimulus Announced at the Two Meetings

Type of Fiscal Stimulus	**Amount**
Budget Deficit Increase	From 2.6 percent, or $354 billion (RMB 2.38 trillion) in 2018 to 2.8 percent, or $411 billion (RMB 2.76 trillion) in 2019
Tax Cuts	$298 billion (RMB 2 trillion) for corporate tax and social security contributions, as well as value-added tax reduced from 16 to 13 percent for manufacturing, and from 10 to 9 percent for construction
Local Government Debt Issuance Quota Increase	From $201 billion (RMB 1.35 trillion) in 2018 to $320 billion (RMB 2.15 trillion) in special purpose bonds in 2019
Infrastructure Projects Approvals	Key announcements include $119 billion (RMB 800 billion) in railway projects, $268 billion (RMB 1.8 trillion) in road and water transport and $86 billion (RMB 578 billion) in next generation information infrastructure

Source: Various[50]

The fiscal stimulus creates a mixed picture. On the one hand, it is an indication that China's leaders have stayed relatively committed to avoiding a new round of rapid corporate debt creation.[51] On the other hand, the new round of infrastructure projects will add to China's total debt, just as central and local governments, rather than the corporate sector, are likely already carrying trillions in unofficial debt.[*52] The necessity of corporate tax cuts as a relief measure is also in part an acknowledgement that targeted monetary stimulus aimed to benefit private

[*] Standard and Poor's estimated off-balance-sheet borrowings as high as $4.5 to 6 trillion in October 2018. "China's Hidden Subnational Debts Suggest More LGFV Defaults Are Likely," S&P Global Ratings, October 15, 2018.

companies is not hitting the mark. This suggests efforts to reform the monetary transmission mechanism, or the ability of the central bank to control lending conditions in the real economy, are falling short.

Neither the tax cuts nor infrastructure spending funded by local government debt are sustainable. Shang-jin Wei, former chief economist of the Asian Development Bank, estimates that with the tax cuts, China's budget deficit will increase to 5 percent,[*] driving a fiscal revenue shortfall that would cause central-local debt to grow from 47 to 70 percent of GDP over the medium-term.[53] This does not include the impact of paying out social security funding shortages, or the increased local government debt issuance, which more than double the estimate to 150 percent of GDP in the same time period.[54]

1 U.S. Department of Commerce, Bureau of Economic Analysis, *Table 1.3 U.S. International Transactions, Expanded Detail by Area and Country*, March 27, 2019.
2 U.S. Department of Commerce, Bureau of Economic Analysis, *Table 1.3 U.S. International Transactions, Expanded Detail by Area and Country*, March 27, 2019.
3 U.S. Department of Commerce, Bureau of Economic Analysis, *Table 1.3 U.S. International Transactions, Expanded Detail by Area and Country*, March 27, 2019.
4 U.S. Department of Commerce, Bureau of Economic Analysis, *Table 1.3 U.S. International Transactions, Expanded Detail by Area and Country*, March 27, 2019.
5 U.S. Department of Commerce, Bureau of Economic Analysis, *Table 1.3 U.S. International Transactions, Expanded Detail by Area and Country*, March 27, 2019.
6 U.S. Department of Commerce, Bureau of Economic Analysis, *Table 1.3 U.S. International Transactions, Expanded Detail by Area and Country*, March 27, 2019.
7 U.S. Department of Commerce, Bureau of Economic Analysis, *Table 1.3 U.S. International Transactions, Expanded Detail by Area and Country*, March 27, 2019.
8 U.S. Department of Commerce, Bureau of Economic Analysis, *Table 1.3 U.S. International Transactions, Expanded Detail by Area and Country*, March 27, 2019.
9 World Trade Organization, *China — Tariff Rate Quotas for Certain Agricultural Products*, DS517, April 18, 2019. *https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds517_e.htm*.
10 World Trade Organization, *China — Tariff Rate Quotas for Certain Agricultural Products*, DS517, April 18, 2019. *https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds517_e.htm*.
11 World Trade Organization, *China — Tariff Rate Quotas for Certain Agricultural Products*, DS517, April 18, 2019. *https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds517_e.htm*.
12 Office of the U.S. Trade Representative, *United States Challenges Chinese Grain Tariff Rate Quotas for Rice, Wheat, and Corn*, December 15, 2016. *https://ustr.gov/about-us/policy-offices/press-office/press-releases/2016/december/united-states-challenges-chinese*.
13 World Trade Organization, *China — Domestic Support for Agricultural Producers*, DS511, February 28, 2019. *https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds511_e.htm*.
14 World Trade Organization, *China — Domestic Support for Agricultural Producers*, DS511, February 28, 2019. *https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds511_e.htm*.

* Between 2008 and 2018, China's average budget deficit was 1.5 percent, according to the think tank China Finance 40 Forum. "Think Tank Report: China's Increase in Fiscal Deficit Rate Will not Increase the Risk of Society," *China News*, February 27, 2019. Translation. *http://www.chinanews.com/cj/2019/02-27/8766793.shtml*.

[15] World Trade Organization, *United States — Measures Related to Price Comparison Methodologies*, DS515, December 12, 2016. *https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds515_e.htm*.

[16] Dave Lawler, "World Leaders Gather in Beijing for Second Belt and Road Forum," *Axios*, April 26, 2019. *https://www.axios.com/belt-road-forum-world-leaders-visit-beijing-64ac018b-420e-4eae-b30f-4791031476aa.html*; Jonathan E. Hillman, "Corruption Flows Along China's Belt and Road," Center for Strategic and International Studies, January 18, 2019. *https://www.csis.org/analysis/corruption-flows-along-chinas-belt-and-road*.

[17] Shannon Tiezzi, "Who Is (and Who Isn't) Attending China's 2nd Belt and Road Forum?" *Diplomat*, April 27, 2019. *https://thediplomat.com/2019/04/who-is-and-who-isnt-attending-chinas-2nd-belt-and-road-forum/*.

[18] Shannon Tiezzi, "Who Is (and Who Isn't) Attending China's 2nd Belt and Road Forum?" *Diplomat*, April 27, 2019. *https://thediplomat.com/2019/04/who-is-and-who-isnt-attending-chinas-2nd-belt-and-road-forum/*.

[19] Shannon Tiezzi, "What Does the Belt and Road Forum Say About the Health of China's Initiative?" *Diplomat Asia Geopolitics Podcast*, Podcast, May 3, 2019.

[20] Shannon Tiezzi, "Who Is (and Who Isn't) Attending China's 2nd Belt and Road Forum?" *Diplomat*, April 27, 2019. *https://thediplomat.com/2019/04/who-is-and-who-isnt-attending-chinas-2nd-belt-and-road-forum/*; *Diplomat*, "Belt and Road Attendees List," May 12, 2017. *https://thediplomat.com/2017/05/belt-and-road-attendees-list/*; *China Tibet News*, "List of Results of the 'Belt and Road' International Cooperation Summit Forum," May 16, 2017. Translation. *http://epaper.chinatibetnews.com/xzrb/page/1/2017-05/16/04/2017051604_pdf.pdf*.

[21] *Xinhua*, *Opening Remarks of Xi Jinping at the Roundtable Summit of the 2nd "Belt and Road" International Cooperation Summit Forum (Full Text)*, April 27, 2019. Translation. *http://www.xinhuanet.com/politics/leaders/2019-04/27/c_1124424310.htm*; Belt and Road Forum for International Cooperation, "List of Deliverables of the Second Belt and Road Forum for International Cooperation," April 27, 2019. *http://www.beltandroadforum.org/english/n100/2019/0427/c36-1312.html*.

[22] Belt and Road Forum for International Cooperation, "List of Deliverables of the Second Belt and Road Forum for International Cooperation," April 27, 2019. *http://www.beltandroadforum.org/english/n100/2019/0427/c36-1312.html*.

[23] *Bloomberg*, "China Moves to Define 'Belt and Road' Projects for First Time," April 3, 2019. *https://www.bloomberg.com/news/articles/2019-04-03/china-moves-to-define-belt-and-road-projects-for-first-time*.

[24] *Bloomberg*, "China Moves to Define 'Belt and Road' Projects for First Time," April 3, 2019. *https://www.bloomberg.com/news/articles/2019-04-03/china-moves-to-define-belt-and-road-projects-for-first-time*.

[25] Lu Hui, "Full Text: Keynote Speech by President Xi Jinping at Opening Ceremony of 1st China International Import Expo," *Xinhua News*, November 5, 2018. *http://www.xinhuanet.com/english/2018-11/05/c_137583815.htm*.

[26] *Bloomberg News*, "China to Create Stock Venue in Shanghai for High-Tech Companies," November 5, 2018. *https://www.bloomberg.com/news/articles/2018-11-05/china-to-create-stock-venue-in-shanghai-for-high-tech-companies.*

[27] Samuel Shen and Julia Fioretti, "Shanghai to Launch New Tech Board, Potentially Competing with Hong Kong," *Reuters*, November 5, 2018; Samuel Shen and Julia Fioretti, "Explainer: Why Shanghai's New Nasdaq-Style Tech Board May Be a Game-Changer," *Reuters*, February 8, 2019. *https://www.reuters.com/article/us-china-techboard-explainer/explainer-why-shanghais-new-nasdaq-style-tech-board-may-be-a-game-changer-idUSKCN1PX0JY*.

[27] Terence Foo, "New Tech Board and Registration-Based IPO System Officially Launched in China," *Clifford Chance*, March 11, 2019; Lam Ka-sing and Xie Yu, "China Scraps Valuation Limit to Kick-Start Xi Jinping's Technology Board for Home-Grown Companies to Raise Capital," *South China Morning Post*, March 2, 2019. *https://www.scmp.com/business/banking-finance/article/2188370/china-scraps-valuation-limit-kick-start-xi-jinpings*.

[28] Liu Caiping and Denise Jia, "China to Relax and Speed up IPO Review Process," *Caixin*, April 27, 2019. *https://www.caixinglobal.com/2019-04-27/china-to-relax-and-speed-up-ipo-review-process-101409176.html*.

[29] Terence Foo, "New Tech Board and Registration-Based IPO System Officially Launched in China," *Clifford Chance*, March 11, 2019.

[30] Liu Caiping and Denise Jia, "China Securities Regulator Eases IPO Rules on All Listings," *Caixin*, March 27, 2019. *https://www.caixinglobal.com/2019-03-27/china-securities-regulator-eases-ipo-rules-on-all-listings-101397512.html*.

[31] Shanghai Stock Exchange, "No. 46: Notice on Issuing the Guidelines for the Issuance and Underwriting of the Stock Exchange of Shanghai Stock Exchange," April 16, 2019. *http://www.sse.com.cn/lawandrules/sserules/tib/issue/c/4765067.shtml*.

[32] Michael Martina, Kevin Yao, and Yaowen Chen, "Facing U.S. Blowback, Beijing Softens 'Made in China 2025' Message," *Reuters*, June 25, 2018. *https://www.reuters.com/article/us-usa-trade-china-madeinchina2025-exclu/exclusive-facing-u-s-blowback-beijing-softens-made-in-china-2025-message-idUSKBN1JL12U*.

[33] Samuel Shen and Julia Fioretti, "Explainer: Why Shanghai's New Nasdaq-Style Tech Board May Be a Game-Changer," *Reuters*, February 8, 2019. *https://www.reuters.com/article/us-china-techboard-explainer/explainer-why-shanghais-new-nasdaq-style-tech-board-may-be-a-game-changer-idUSKCN1PX0JY*; Samuel Shen and Julie Zhu, "Start-Ups Hopeful as China Readies Nasdaq-Style Tech Board," *Reuters*, January 6, 2019. *https://www.businessinsider.com/r-start-ups-hopeful-as-china-readies-nasdaq-style-tech-board-2019-1*.

[34] Ian Agar, "Four Filings in 24 Hours: Inside China's IPO Blitz in the U.S.," *Pitchbook*, April 23, 2019. *https://pitchbook.com/news/articles/four-filings-in-24-hours-inside-chinas-ipo-blitz-in-the-us.*

[35] Nasdaq, "Companies in China." *https://www.nasdaq.com/screening/companies-by-region.aspx?region=Asia&country=China&sortname=ipoyear&sorttype=1*.

[36] Ian Agar, "Four Filings in 24 Hours: Inside China's IPO Blitz in the U.S.," *Pitchbook*, April 23, 2019. *https://pitchbook.com/news/articles/four-filings-in-24-hours-inside-chinas-ipo-blitz-in-the-us*; Yueqi Yang, "DouYu, Game-Streaming Firm Backed by Tencent, Files for U.S. IPO," *Bloomberg*, April 22, 2019. *https://www.bloomberg.com/news/articles/2019-04-22/douyu-game-streaming-firm-backed-by-tencent-files-for-u-s-ipo.*

[37] Wei Sheng, "Game-Streaming Startup Douyu Delays US IPO as Trade War Escalates," *TechNode*, May 7, 2019. *https://technode.com/2019/05/07/briefing-douyu-delays-us-ipo-as-trade-war-escalates/*.
[38] Ian Agar, "Four Filings in 24 Hours: Inside China's IPO Blitz in the U.S.," *Pitchbook*, April 23, 2019. *https://pitchbook.com/news/articles/four-filings-in-24-hours-inside-chinas-ipo-blitz-in-the-us*.
[39] China's National Bureau of Statistics via CEIC database.
[40] *Xinhua*, "What Did Premier Li Say at the Two Session Press Conference?" March 15, 2019. *https://www.shine.cn/news/nation/1903151234/*.
[41] China's National Bureau of Statistics via CEIC database.
[42] China's National Bureau of Statistics via CEIC database.
[43] China's National Bureau of Statistics via CEIC database.
[44] China's National Bureau of Statistics via CEIC database.
[45] Caixin and IHS Markit, "Caixin China General Manufacturing PMI," *Markit Economics*, April 30, 2019. *https://www.markiteconomics.com/Public/Home/PressRelease/26c51700cb5f4224bda8595676615fdb*.
[46] Caixin and IHS Markit, "Caixin China General Manufacturing PMI," *Markit Economics*, April 30, 2019. *https://www.markiteconomics.com/Public/Home/PressRelease/26c51700cb5f4224bda8595676615fdb*.
[47] Yen Nee Lee, "Chinese Factory Activity Grew Slower Than Expected, Widely Watched Indicators Show," *CNBC*, April 29, 2019. *https://www.cnbc.com/2019/04/30/china-economy-official-and-caixin-manufacturing-pmi-for-april.html*.
[48] Stella Qiu and Ryan Woo, "China Services Sector Extends Solid Expansion in December: Caixin PMI," *Reuters*, January 3, 2019. *https://www.reuters.com/article/us-china-economy-pmi-services-caixin/china-services-sector-extends-solid-expansion-in-december-caixin-pmi-idUSKCN1OY05G*; Caixin and IHS Markit, "Caixin China General Services PMI," *Markit Economics*, May 6, 2019. *https://news.ihsmarkit.com/press-release/caixin-china-general-services-pmi*.
[49] "China Vows More Support for Private Sector Buffeted by Slowdown," *Bloomberg*, December 24, 2018. *https://www.bloomberg.com/news/articles/2018-12-25/china-vows-more-support-for-private-sector-buffeted-by-slowdown*; Shuli Ren, "China Has a Dirty $1 Trillion Dollar Stimulus Secret," *Bloomberg Opinion*, March 4, 2019. *https://www.bloombergquint.com/global-economics/china-has-a-1-trillion-dirty-little-secret*.
[50] Xinhua, *Full text: Report on the Work of the Government*, March 16, 2019. *http://english.gov.cn/premier/speeches/2019/03/16/content_281476565265580.htm*; Xinhua, "In 2018 China's Budget Deficit Will Lower to 2.6 Percent to 2018: Active Fiscal Policy to Concentrate Power and Increase Effectiveness," March 6, 2018. Translation. *http://www.mof.gov.cn/zhuantihuigu/2018ybbgjd/mtbd2018/201803/t20180306_2826258.htm*.
[51] "China's Prime Minister Frets about China's Economy," *Economist*, March 7, 2019. *https://www.economist.com/china/2019/03/07/chinas-prime-minister-frets-about-the-countrys-economy*.
[52] Shuli Ren, "China Has a Dirty $1 Trillion Dollar Stimulus Secret," *Bloomberg Opinion*, March 4, 2019. *https://www.bloombergquint.com/global-economics/china-has-a-1-trillion-dirty-little-secret*.
[53] Shang-jin Wei, "Making China's Tax Cuts Fiscally Sustainable," *Project Syndicate*, April 1, 2018. *https://www.project-syndicate.org/commentary/china-tax-cuts-fiscal-sustainability-by-shang-jin-wei-2019-04*.
[54] Shang-jin Wei, "Making China's Tax Cuts Fiscally Sustainable," *Project Syndicate*, April 1, 2018. *https://www.project-syndicate.org/commentary/china-tax-cuts-fiscal-sustainability-by-shang-jin-wei-2019-04*.