

Cross Border Business Law Blog

It's in Washington's Best Interests to Engage China as a Partner, Not as an Adversary

By Robert Spitzer on 12.28.18 | Posted in International Trade, Trade and Economic Relations

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In March 1979, the American-flagged ship Letitia Lykes sailed into Shanghai harbor, where it was festooned with flowers and greeted by diplomats. Seattle attorney Stan Barer developed the legal strategy to break the 30-year freeze on shipping between our nations which had existed since “Red China.” A month later, where did the first Chinese ship arrive in the United States? The Port of Seattle.

In September 2015, President Xi Jinping paid his first visit to the United States as President of China. Besides Washington, D.C., what other city did he visit? Seattle. What's the closest international airport in the “lower 48” states from Shanghai or Beijing? SeaTac Airport. What major American deep-water port is closest to China? The ports of Seattle and Tacoma.

What other nation will buy more Boeing-made commercial aircraft in 2018 and potentially for the foreseeable future? China. Which U.S. public university has established a joint cross-disciplinary technological institute with Tsinghua University? The University of Washington.

Our region and China enjoy a strong recent history of positive engagement and constructive development for mutual profit. There are many legitimate issues which our country needs to address with China including: trade, intellectual property protections, geopolitical territorial ambitions, climate change and human rights. Without minimizing these problems or discounting the difficulties in reaching solutions, it is imperative that our region exerts leadership in addressing those issues.

Some view trade disputes as a zero-sum game to be measured in the short term between election, or worse yet, news cycles. A wiser approach is to view our disagreements with China with a long-term, measured approach.

The current administration has wielded the hammer of broad and deep tariffs on China, which have been countered with retaliatory tariffs on American exports. Tariffs, when overused, can cripple world trade. Most economists acknowledge that the protectionist tariffs passed by Congress in 1930 actually deepened the Great Depression.

The administration also has riled our allies around the world and forsaken regional trade agreements, such as the Trans Pacific Partnership, which could be especially important in addressing trade disputes with China. The uncertainty surrounding trade and other international partnerships, traditionally anchored by the United States, is forcing allies to form new arrangements to work around rather than with our country. Because we are confronting China alone, we wield a lighter hammer.

Our region has been directly injured by the tariffs. Washington is the third leading exporting state in the nation. According to the Office of U.S. Trade Representative, in 2016, Washington's \$79.6 billion worth of exports supported roughly 375,000 local jobs with 20 percent of Washington exports going to China. According to a November 2018 Brookings Institute report, the recently adjusted tariffs could affect roughly 20 percent of trade volumes at the Ports of Seattle and Tacoma and put 16,000 jobs at risk. Washington state agriculture has already been adversely affected by the tariffs, with reports of summer cherries rotting in Washington warehouses and apple prices plunging due to fewer exports.

The 90-day delay in increasing tariffs recently announced is a sign of hope for winding down the trade war. It is in our region's strong interest to both strengthen trade alliances with America's allies around the world while engaging more closely with China. Through constructive engagement, coupled with firm resolve in negotiating better and stronger protections for our economic interests, as well as human rights and the environment, we'll build a better long-term future *with* China, primarily as a partner rather than as an adversary.

On Dec. 1, at the Great Hall of the People on Tiananmen Square, the Chinese government presented an award to Stan Barer for his leadership in opening trade between our nations in 1979. As we approach the 40th anniversary of that historic event, it's time for our current state and national leaders to follow Barer's example and once again boldly work to repair and build relationships with our neighbors across the Pacific, for the welfare of our region, nation and the world.

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