

# Experts on How China Can Sustain Its Export-Driven Economy Amid Tensions with Key Trade Partners

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*At a panel hosted by China Institute in America, experts weighed in on whether China's export-driven strategy can thrive amidst mounting geopolitical tensions.*

NEW YORK, NEW YORK, UNITED STATES, June 20, 2024 /EINPresswire.com/ -- As China grapples with severe economic challenges, its approach to revitalizing growth while navigating a significant trust deficit with both domestic and international stakeholders is under intense scrutiny.

At a recent panel discussion hosted by the China Institute in America in early June, experts weighed in on whether China's export-driven strategy can thrive amidst mounting geopolitical tensions, particularly with the United States. The discussion featured sharp insights from MIT's Professor Yasheng Huang and Isaac Souede, Chief Investment Strategist and Chairman of SCP Investment, moderated by Susan Yuqing Feng, Director of Programs at the China Institute.

## Geopolitical Crossroads and Prospects for Trade Relations

Professor Huang pointed out the inconsistency in China's approach, which antagonizes major trade partners like the U.S. while relying on an export-driven economic model.

"In business school, we teach students to nurture their customers, sending them holiday greetings and wedding cakes," Huang stated that China, however, had the perplexing approach of antagonizing its customers relying on trade with them.

Souede echoed Huang's concerns, describing China's strategy as counterproductive. He noted that antagonizing customers—especially significant ones—inevitably leads to their discontent. He pointed out that even Europe, typically less confrontational than the U.S., has grown increasingly frustrated with China.

"Both major American political parties, despite deep divisions, have reached a rare consensus on the need to penalize China," Souede observed and said that this level of bipartisan agreement has partly to do with a significant misstep on China's part. "Achieving such unity between typically polarized parties underscores the extent of international disapproval."

When asked about the prospects for reasonable trade relations between the U.S. and China, Huang was not optimistic. He cited issues such as the South China Sea, Taiwan, and unpredictable leadership changes both in China and the U.S. as major obstacles.

“The political foundation for stable trade relations is currently lacking,” Huang warned. “The future is fraught with potential geopolitical risks and internal political instability in both countries.”

## The Trust Deficit

Turning to the private sector domestically in China, Feng noted its historical role as the powerhouse behind China’s economic miracle. Yet, despite Chinese government’s recent claims to support, the sector appears beleaguered. Souede identified a “trust deficit” as a critical issue, affecting both internal confidence within China and external perceptions among foreign investors.

Souede drew parallels to the U.S. response to the 2008 financial crisis, emphasizing the need for persistent, effective actions to rebuild trust. He expressed cautious optimism about recent diplomatic gestures, such as the symbolic return of pandas to Washington, suggesting a possible openness to global feedback and new approaches.

Comparing China’s situation to a “penalty box,” Souede argued that the nation must demonstrate consistent and fair internal rules to regain foreign investment confidence. He stressed the importance of stable policies and avoiding aggressive geopolitical stances to attract and retain foreign investment.

“The trust deficit is a formidable barrier,” Souede noted. “China needs to show a commitment to consistent policies and avoid antagonizing its key trade partners to rebuild confidence both at home and abroad.”

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