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What should Xi and Trump talk about?

By GEORGE KOO

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Later this week, China's President Xi Jinping will meet US President Donald Trump in Florida at the unofficial White House. In view of Trump's predilection for unpredictability and brash outbursts, some pundits thought Xi might be taking a risk if the impromptu summit does not turn out well.

I believe the probability of the outcome turning out badly is low. Secretary of State Rex Tillerson's visit to Beijing and preparation by officials from both sides must have provided some reassurance for Xi to have agreed in the first place.

Another reason that the meeting should go well is because having experienced a series of setbacks, Trump will not want to jeopardize the chance for some good news for a change. Bottom of Form

So what could Xi offer that will make Trump look good? A nice opening would be if Xi were to say, "President Trump I am here to offer you a solution to rebuilding America's infrastructure while creating more American jobs." These are two sweet spots closely identified with Trump's presidential campaign.

As a matter of fact, Chinese companies have already been winning bids on infrastructure projects in America using American labor. The New Jersey-based US affiliate of China Construction, a state-owned company, won the competitive bid to rehabilitate the Alexander Hamilton Bridge over the East River in upper Manhattan. The company completed the work ahead of schedule and won a bunch of awards and recognition for a job well done. Since then, China Construction has gone on to win other bridge rehab projects in the metropolitan New York area.

China Railway Rolling Stock Corp, another State-owned enterprise, has signed a number of contracts to build railcars for the metro systems of major cities such as Boston, Chicago, Los Angeles and Philadelphia.

All the deals are structured along similar lines. The exterior of the cars will be manufactured in China and shipped to the US for final assembly. Major components such as propulsion, heating, ventilation and air conditioning, and lighting will be made in the US, either by CRRC or by American suppliers. CRRC will build factories in each metropolitan area, employing local labor.

These deals provide the best outcome for both countries. Through more than a decade of experience, China has become the world's leading expert in managing infrastructure projects as well as having the expertise to make components at competitive prices. As they perform projects around the world, Chinese companies have gained valuable experience in managing disparate local work forces.

Thus, Chinese companies can offer to rebuild America's infrastructure at prices not available from any other source while providing valuable training and employment.

Trump has been complaining of "unfair" bilateral trade giving China an unfair advantage and overwhelming surplus. One approach that would bring some of the trade surplus back to America is to encourage more Chinese companies to invest and build plants in the US.

As I wrote in Asia Times earlier, Fuyao, an auto glass windshield company, has made a US\$450 million investment in Ohio, creating 3,000 jobs and contributing US\$30 million a month to the local economy. There are others similarly interested in coming to America. Instead of using the threat of CFIUS review to frighten them away, the US needs to overcome xenophobic inclinations and open the door for investments from China.

There is another way to take advantage of the trade surplus China enjoys: to make financing one of the requirements in the infrastructure projects that Chinese companies wish to take part in. China should be quite willing to do so as it has been actively financing various projects along the Silk Road.

Finally, if Trump were to raise the prospect of having China provide financing for infrastructure projects, I believe Xi would be most receptive because such funding would require government guarantees and therefore closer bilateral cooperation. Xi loves to talk about win-win arrangements and this would most certainly qualify. Then Trump would have some real news to tweet about.

