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FOREWORD

The foreign trade of the People's Republic of China is a clinical demonstration of the direct relationship between politics and trade. The detente in political relations between China and the United States stimulated a relaxation of U.S. foreign trade controls which, in turn, was followed by a dramatic growth in Chinese economic cooperation with this country.

The present collection of essays provides an introduction to trade with China. It has been neither possible nor practical to present a full review of China's economic relations with the outside world, and one can immediately see two important areas which are not covered in this symposium: trade with other socialist countries and economic cooperation with Third World nations. Instead, this symposium concentrates on providing information regarding China's foreign trade with free economy countries, covering such matters as techniques of trade, Chinese foreign trade organizations, and the legal regime of foreign trade transactions in the People's Republic of China. The nature of Chinese foreign trade presents new challenges for the Western trader, particularly in comprehending a system of rules which form part of the public law of China and which must be carefully followed if a transaction is to result in a binding obligation.

Articles describing the development of trade between individual countries and the P.R.C. document the expanding volume of trade that has followed from the changing political climate. Industrialized nations have almost uniformly welcomed the new Chinese orientation favoring coexistence with free economy countries. At times, economic contacts between China and Western countries (Japan included) have expanded without formal resolution of various points of conflict, sometimes without even the establishment of formal diplomatic relations. This process is so widely observed that it is now possible to say that the P.R.C. has entered a new phase of economic cooperation with the free economy countries. That cooperation suggests a conscious shift in China's relations with the West in economic and political matters. Innovations in American policy have contributed to this liberalization of Chinese attitudes: as a wider range of American goods became available for export to China and as American enterprises located abroad were given greater leeway in trading with China, a number of foreign countries made similar changes in their own controls. Indeed, the dramatic shift in American attitudes toward China and the impact of that shift on the foreign trade policies of other countries demonstrate

the considerable cohesion of the free economy system as it functions in the world today.

Growth of trade relations between countries of radically different political and economic systems is a fairly new phenomenon. It is impossible, at this early stage, to offer a projection for the future since, in spite of the detente, there remain areas of tension. Trade relations certainly cannot be considered independently of political developments, which may still interfere with economic cooperation. At the same time, expansion of trade relations between the industrialized West and China sheds important light on the nature of the world economic system, indicating that given favorable conditions it will tend to become a general framework including subsystems, groupings of interest, and preferential regimes designed to foster regional interests.

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