

CHINA CROSSROADS

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**How an Accurate Understanding of
Global Trade Can Resolve Tensions
between China and the World**

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The world of international relations has reached unprecedented levels of complexity. Its understanding and the quest for solutions, therefore, requires a return to the analytical method, based on factual data. Even bilateral trade statistics, one of the richest and most available data in the world, do not capture this complexity and only paint a partial, and sometime distorted, story of the commercial relationship between two countries. A distortion that is also at the basis of the current international tensions, trends towards protectionism and mercantilism as some policy makers erroneously equate trade surplus to benefits and trade deficit to damages to their own economy. Today, we will ask questions such as: if a Chinese tourist buys a Tiffany's necklace in a shop in Rome, the official statistics record this transaction as exports from USA to Italy. But should this instead be recorded as exports from USA to China? If a container full of German goods arrives at Rotterdam harbor, official stats record this as export from Germany to Holland. But should it instead be record as export to China? Professor Geraci's team has worked with analysts from OECD in Paris and developed a new trade model that includes all triangular flows not included in official trade statistics and designed a new innovative visualization of bilateral trade that shows a completely new and more accurate values of the exports and imports between any country, particularly between China and the West and, consequently, new "True Trade Balances" between large economies. Professor Geraci's figures have far-reaching practical implications: not only for businessmen and exporter who need to know where to put their marketing efforts, but also for governments and policy makers, given that our new estimates of trade balances will, hopefully, help smooth international and geopolitical relations.

[Michele Geraci](#) is an Italian politician and economist who focuses on policy-oriented research on International Trade, US-EU-China Relations, BRI, AI and Universal Basic Income and other current affairs. He served as the Undersecretary of State at the Italian Ministry of Economic Development, responsible for International Trade and Investment, and was the architect of Italy's participation in the BRI, and was a nominee for the role of Prime Minister of Italy. Recently, he has been appointed as the Head of the Foreign Affairs and International Trade Department of Independence Movement, a newly formed Italian political movement. The primary objective of this movement is to bridge the gap between the West and East within the context of the evolution towards a multipolar world. He holds the position of Visiting Professor of Finance and Economics at NYU Shanghai and is an Honorary Professor at Peking University. Prior to his current roles, he worked for two decades as an Investment Banker (Merrill Lynch, Bank of America, DLJ, Schroders Asset Management) and Engineer (British Telecom) in London. He has been Knighted by the President of Italy, Mattarella, and the President of Georgia, Margvelashvili. He holds an MBA from MIT, speaks five languages, and is a frequent guest on international media.

[China Crossroads](#) hosts talks on all topics related to China, including business, foreign policy, and other areas as they relate to China, the idea being that China is both already a "crossroads" of the world and itself at a "crossroads" in terms of its future global influence. For more information, contact Frank Tsai at editor@shanghai-review.org.