



Associated Press

US, Chinese envoys to meet in October for tariff war talks

Joe McDonald

September 5, 2019

U.S. and Chinese envoys will meet in early October for more talks aimed at ending a tariff war that threatens global economic growth.

Stock markets rose on Thursday's announcement but there has been no sign of progress since Presidents Donald Trump and Xi Jinping agreed in June to resume deadlocked negotiations about trade and technology.

The agreement on timing came in a phone call conducted by the chief Chinese envoy, Vice Premier Liu He, with U.S. Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin, the Chinese Commerce Ministry said in a statement.

Officials will "conduct conscientious consultations" in mid-September to prepare, the ministry said. It gave no details but said the two sides want to create "favorable conditions."

China's main stock market index closed up 1% following the announcement. Tokyo's Nikkei 225 gained 2.1% and South Korea's main index rose 0.8%.

Beijing is balking at U.S. pressure to roll back plans for government-led creation of global competitors in robotics and other industries.

The U.S., Europe, Japan and other trading partners say those plans violate China's market-opening commitments and are based on stealing or pressuring companies to hand over technology.

The U.S. and China have raised tariffs on billions of dollars of each other's imports, disrupting trade in goods from soybeans to medical equipment and battering traders on both sides.

In their latest escalation, Washington imposed 15% tariffs on \$112 billion of Chinese imports Sunday and is planning to hit another \$160 billion Dec. 15 — moves that would extend penalties to almost everything the United States buys from China. Beijing responded by imposing duties of 10% and 5% on a range of American imports.

U.S. tariffs of 25% imposed previously on \$250 billion of Chinese goods are due to rise to 30% on Oct. 1.

Asked whether Washington might postpone that increase, a Commerce Ministry spokesman, Gao Feng, said he had no additional details.

China has imposed or announced penalties on a total of about \$120 billion of U.S. imports, economists estimate. Some have been hit with increases more than once, while about \$50 billion of U.S. goods is unaffected, possibly to avoid disrupting Chinese industries.

Beijing also has retaliated by canceling purchases of soybeans, the biggest single U.S. export to China.

The Chinese government has agreed to narrow its politically sensitive trade surplus with the U.S. but is reluctant to give up development strategies it sees as a path to prosperity and global influence.

The trade war is taking a toll on both economies.

“Logically, it makes sense from economic and political standpoints for both Trump and Xi to put an end to the trade war,” said Daniel Ikenson, director of the center for trade policy studies at the libertarian Cato Institute. “The U.S. manufacturing sector appears to be contracting and signs point to a broadening U.S. economic slowdown... Meanwhile, the trade war is worsening troubles in the Chinese economy.”

Ikenson said Xi is getting pushback from other Chinese officials who “are unhappy with the trajectory and tenor of the U.S.-China relationship under his leadership, (believing) that Xi has been unnecessarily provocative.”

As a result, “there may be a window for striking a deal, which is far less significant than has been advertised, but which Trump and Xi can spin as respective wins to the domestic audiences they need to assuage,” Ikenson said.

Talks broke down in May over how to enforce any agreement.

China insists Trump’s punitive tariffs must be lifted once a deal takes effect. Washington says at least some must stay to make sure Beijing carries out any promises.

The last round of talks in July in Shanghai ended with no indication of progress. Neither government has given any indication it is ready to break the deadlock by offering concessions.

Some analysts suggest Beijing is holding out in hopes Trump will feel pressure to make a more favorable deal as his campaign for the 2020 presidential election picks up. Trump has warned that if he is re-elected, China will face a tougher U.S. negotiating stance.