



US, China resume trade talks: What to know

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Trade officials from the U.S. and China are set to resume negotiations on Wednesday, as a key March deadline looms.

White House economic adviser Larry Kudlow told FOX Business on Tuesday that President Trump expects that he and China's President Xi will be the "ultimate negotiators" of a deal, but added that the work done this week is "vitally important" in laying the groundwork for a path forward.

Kudlow also said Trump might be involved in this week's talks.

Among the key issues for the U.S. delegation is the implementation of "structural changes" within the Chinese economy, like granting foreign countries increased market access and strengthening intellectual property protections. Whether China agrees to these terms underlies the ability of the world's two most powerful economies to reach a deal, Simon Lester, associate director of the Cato Institute's Herbert A. Stiefel Center for Trade Policy Studies, told FOX Business.

Beyond that, there could be additional sticking points for China's trade negotiators.

"The U.S. is also looking for strong enforcement tools, perhaps involving the reimposition of tariffs if the U.S. decides China is not complying with any deal," Lester said. "It is not clear whether China will agree to that."

Chinese negotiators are expected to come to the table with promises to increase purchases of U.S. farm products and energy, The Wall Street Journal reported on Tuesday, citing people in China following the talks. Beijing, however, is said to be resistant to those deep structural changes the Trump administration is seeking.

Kudlow said the discussions will address "the broadest and deepest" aspects of the countries' trade relationship, adding "literally everything is on the table."

The discussions also come as the pair of countries spar over U.S. actions against Chinese telecom giant Huawei for allegedly violating sanctions and stealing intellectual property. Huawei denied all criminal charges, and two indictments, while Beijing called the charges "unreasonable."

Regardless, experts say this week's talks are unlikely to result in the announcement of any major agreements.

“Negotiations tend to go right up to the deadline,” Lester said.

The two countries face a March 1 deadline to reach an agreement or the U.S. will increase tariffs on \$200 billion worth of Chinese goods to 25 percent, from 10 percent. The hike was set to take effect in January, but Trump and Xi agreed to a 90-day truce in December.

Kudlow refused to predict whether a deal would be agreed upon by the deadline, but said the administration was “moderately optimistic.”

Talks are expected to be carried out in Washington, D.C. on Wednesday and Thursday.