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China shows eagerness to deal despite Trump tariff threat, analysts say

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By sending Vice Premier Liu He to Washington just 24 hours before President Trump's threat to raise China tariffs to 25% goes into effect, China is signaling that it wants to get a trade deal finished, trade policy analysts say.

"We've never seen this kind of pressure tactic being applied to China, but I would say so far it seems to be working," said Welles Orr, a former assistant trade representative during the George H.W. Bush administration, now with the law firm Miller and Chevalier. "On Monday, I expected to hear that Liu He was not going to be making the trip. But the fact that he is coming suggests he is coming to make a deal."

Trade talks are in late stages and much of the work on a deal has already been done, noted Simon Lester, trade policy analyst for the free market Cato Institute. He said these facts create a powerful incentive for China to simply wrap it up rather than escalate with Trump. "It is possible that somehow a deal is struck amid all this tension and brinksmanship," Lester said.

Gary Hufbauer, nonresident senior fellow at the Peterson Institute for International Economics, said that Chinese officials could say that they have already agreed to what Trump wants and the recent drama was just a misunderstanding. Trump abruptly escalated the fight on Sunday, warning that he would make the existing tariffs 25% across the board and slap the same tariff rate on an additional \$325 billion worth of goods, all effective midnight Thursday. "The Trade Deal with China continues, but too slowly, as they attempt to renegotiate. No!" he tweeted.

U.S. Trade Representative Robert Lighthizer told reporters Monday the administration's stance was the result of China "retreating from specific commitments that had already been made in our judgment" over the last week. China had until midnight Thursday to restore those commitments, he said, the same day that his counterpart, Liu, arrives to continue the talks.

"My guess is that the Chinese team will reinstate the concessions that Lighthizer says were 'walked back,' and that will be enough for Trump to delay imposition of the tariffs," Hufbauer said.

For now, China is trying to keep things low-key, said Dimitar Gueorguiev, political science professor at Syracuse University and author of *China's Governance Puzzle*. "[What] we know is that Trump's recent threat is not making headlines in China, indicating active censorship," he said. "We also know that Liu He and the delegation are still heading to D.C., indicating that a deal is already drafted."

China will likely say it was the White House that was overreacting, Orr said. "They'll say that their chief negotiator was fully intending to come here on the 9th and nothing has changed ... The Chinese are pretty calm. Bluster is not their style."

The Trump administration and China have been negotiating for months to end a trade war between the countries that has resulted in the U.S. placing tariffs of 10%-25% on \$250 billion worth of Chinese goods and Beijing putting 5%-25% tariffs on \$130 billion worth of U.S. goods. The Trump administration has claimed for weeks that the talks have neared conclusion, but have been hung up over the enforcement mechanism that the U.S. has demanded that China accept.

Derek Scissors, resident scholar at the American Enterprise Institute, noted that the U.S. wasn't trying to get anything extra out of the deal. "[The Chinese] may have genuinely thought the changes were minor, but they were delivered in fairly suspicious fashion — after the U.S. delegation had left," he said. "So China may see the U.S. action as excessive or partly posturing, but they can't reasonably think it's just out-of-the blue brinkmanship just to win a few extra concessions."