

China's trade ministry edits trade war out of minister's speech – but makes US ties a priority for 2019

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The Chinese Ministry of Commerce has published the transcript of a speech delivered by its minister to its annual work conference on Saturday but omitted the parts related to the trade war with the US.

In a file attached to a brief statement about the ministry's annual work planning meeting, the speech by commerce minister Zhong Shan at the meeting was edited, with the sections about China's handling of the trade war, the country's trade prospects and specific measures marked "being omitted".

It is a common practice in China for speeches by ministers at work conferences to be kept classified, with only brief summaries published. However, it is rare for a ministry to publish an incomplete speech transcript.

The Chinese government is trying to control the trade war narrative seen by the public as it continues intense talks with Washington to seek a deal to end the ongoing trade dispute.

The ministry's news office did not answer the *South China Morning Post's* phone calls on Sunday seeking comment.

According to the brief statement published by the ministry, improving trade ties with the United States is among its priorities for 2019.

"Properly managing trade and economic relations with the US" will be one of the key areas for the ministry to work on, in addition to hosting the second China import expo in Shanghai and speeding up "free-trade zone" development, according to the summary of the ministry's annual work conference on Saturday.

The ministry said it would use the import expo – which is to be an annual event – and new free trade zones to boost imports of products needed in China, including farm produce, resources such as iron ore and crude oil, daily consumer goods and elderly care products.

[China decides to rely on 'larger scale' tax cuts and home market to weather stormy 2019](#)

Meanwhile, the ministry, which is also in charge of China's home market development, said it will work to build up a strong home market, as directed by Chinese President Xi Jinping to counter "risks" from changes in the external environment.

The US and China, the world's two largest economies, are racing to reach a deal before March 2 – the deadline of the 90-day truce agreed between Xi and US President Donald Trump – with question marks over a range of trade, economic and political differences.

According to the incomplete speech transcript on the ministry's website, Zhong vowed to “promote all-round opening” in 2019.

The minister said that Chinese exporters needed to find new competitive advantages, against a backdrop of the country's production costs – including labour, land and operational – rising fast in recent years and with half of China's US-bound shipments now subject to US tariffs.

Beijing should keep improving the business environment to attract foreign direct investment, and enhance the study of outbound investment risks and countermeasures, Zhong said.

Song Xianmao, deputy director of the ministry's foreign trade department, said China's imports in 2018 will exceed US\$2 trillion.

The commerce ministry is one of the key agencies in negotiations with Washington, because it directly answers the US' complaints about its trade imbalance with China.

China's trade surplus with the US reached a record high of US\$293.5 billion in the first 11 months of 2018, greater than the US\$251.3 billion in the whole of 2017, according to China's customs data. This was boosted by front-loading of orders ahead of the introduction of US tariffs and by supportive government measures such as export tax rebates.

[China pledges more support for private firms investing abroad, 12 months after clipping their wings](#)

Domestically, the commerce ministry shoulders the responsibility of lifting consumption, which could help stabilise the economy and increase bargaining power in trade talks.

The growth of retail sales, a key measure of consumption, slowed to 9.1 in the first 11 months, from 10.3 a year earlier. Spending on two major items were particularly affected, with auto sales dropping 1.7 per cent year-on-year to 25.4 million units in the first 11 months and housing sales increasing 1.4 per cent in the same period, down from 7.9 per cent a year earlier.

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Wang Bin, a deputy director of the commerce ministry's market operation department, said the social retail sales figure was likely to grow 9 per cent next year

and continue to be the top growth contributor, driving about two thirds of 2019 GDP growth.

To achieve that, the ministry would try to raise urban consumption, promote rural consumption, increase service supply and optimise the consumption environment, he said.

At the Central Economic Work Conference that ended on Friday, the Chinese top leadership said there was “huge” potential to develop the domestic consumer market, and pledged “larger-scale” tax cuts.

The State Administration of Taxation announced on Saturday there would be more pre-tax deductions for domestic individuals to offset costs of education, mortgages and elderly care.