

Trump's China Tariffs Likely to Be Investigated by the WTO

Bryce Baschuk

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An agreement between the U.S. and China is unlikely right now, says David Dollar of the Brookings Institution.

U.S. President Donald Trump will meet China's top trade negotiator in the Oval Office on Thursday for high-level talks, with little indication that Beijing will bend to American demands to deepen economic reforms.

U.S. Trade Representative Robert Lighthizer will lead a second and final day of negotiations with Chinese Vice Premier Liu He, the highest-level talks since Trump met Chinese President Xi Jinping on Dec. 1 and declared a 90-day truce to reach a lasting deal to end the trade war. Trump is scheduled to meet Liu at 3:30 p.m., according to an email of his schedule from the White House.

"Meetings are going well with good intent and spirit on both sides," Trump said in a post on [Twitter](#) on Thursday, adding that they're trying to reach a comprehensive deal. "No final deal will be made until my friend President Xi, and I, meet in the near future to discuss and agree on some of the long standing and more difficult points."

While a breakthrough deal is seen as unlikely from this round of negotiations, the White House has said a concluding statement will be released on the progress they've made on core issues such as Chinese technology transfers and intellectual property practices, market access and Beijing's pledge to buy more American goods.

Stocks in Asia and Europe advanced on Thursday, following gains in the U.S. on Wednesday. The S&P 500 reached the highest since Dec. 6, after the Federal Reserve said it will be “patient” on any future interest-rate moves.

[U.S.-China Trade War Timeline: What’s Happened and What’s Next](#)

Fed Chairman Jerome Powell on Wednesday expressed concern that prolonged negotiations could cause further uncertainty for investors. “The concern is a longer drawn-out set of negotiations, which could result in sapping business. Uncertainty is not the friend of business,” Powell said in response to a question during a press conference.

According to a person familiar with the meeting agenda, Lighthizer and Treasury Secretary Steven Mnuchin were scheduled to give opening remarks at the talks Wednesday morning. Officials also met Tuesday to hammer out preparatory work for the negotiations, but there was no report of progress on structural issues, people familiar with the talks said.

Unless a deal is reached by March 1, the U.S. has threatened to raise tariffs on \$200 billion worth of Chinese products to 25 percent from 10 percent.



Robert Lighthizer during US-China Trade Talks on Jan. 30.

Photographer: Jim Watson/AFP via Getty Images

Administration officials and other people familiar with the state of play say the two sides remain far apart on key issues, with the U.S. side still engaged in an internal debate over how to proceed and ill-prepared for this week's meetings. The U.S.'s unveiling this week of criminal charges against Chinese corporate giant Huawei Technologies Co. isn't helping the mood.

[Here Are Three Scenarios for U.S.-China Trade Talks This Week](#)

The last round of U.S.-China talks led by Deputy USTR Jeffrey Gerrish in Beijing earlier this month, ended with no progress on IP practices and technology transfer issues, which are the U.S.'s main concerns in the trade war that has roiled financial markets for months. China did offer at that meeting to go on a six-year [buying spree](#) to ramp up imports from the U.S., which was met with skepticism from The Trump administration.

In a sign that Beijing is serious about addressing U.S. complaints, Chinese lawmakers this week completed a second review of a new law that is aimed at protecting the IP of foreign investors and banning forced technology transfers.

But U.S. business groups said the draft law will not address the real regulatory issues of concern where forced technology transfer is occurring in the Chinese system. Another longstanding concern with Chinese laws is the breadth and scope of the national security review, the U.S. Chamber of Commerce, AmCham China and AmCham Shanghai said in comments submitted on the bill.

Economic Impact

Trump this month said that China's slumping economy gave the country no choice but to make serious commitments. "China posts slowest economic numbers since 1990 due to U.S. trade tensions and new policies," Trump said Jan. 21. "Makes so much sense for China to finally do a Real Deal, and stop playing around!"

But the impact of Trump's trade policy is also being felt by the U.S. The non-partisan Congressional Budget Office on Monday said it expected that Trump's tariffs on steel, aluminum, and Chinese goods would cut the U.S.'s real gross domestic product by at least 0.1 percent on average through 2029. It also predicted overall U.S. GDP growth would slow to 2.3 percent this year, 1.7 percent in 2020, and 1.6 percent in 2021.

— *With assistance by Ye Xie, and Saleha Mohsin*

(Updates with President Trump's tweet in the third paragraph.)

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