

FEATURE

Fresh signs of hope on China-US trade deal

Both sides appear committed to success in talks despite 'noise'

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The first batch of Tesla's Model 3 vehicles arrive in Shanghai in February. Photo: VCG

Fresh signs continue to point to positive momentum in the complex and extensive trade negotiations between Chinese and US officials, raising hopes that the two countries will reach an agreement to end their year-long trade tussle, despite clear persistent obstacles.

The latest uplifting news came on Sunday, when the State Council, China's cabinet, in what observers call a goodwill gesture, announced that it would continue to suspend additional tariffs levied on US vehicles and auto parts.

After leaders of both countries reached a truce in Argentina in December 2018, China said it would suspend additional 25 percent tariffs on US cars and 5 percent tariffs on auto parts for three months. The suspension was originally to have lasted until Sunday.

The tariffs, which were imposed to counter US tariffs on Chinese products, cover 211 items involving \$126 billion, according to the Customs Tariff Commission of the State Council.

"Suspending the tariffs is major positive development for not only US companies but the

global supply chain," Zeng Zhiling, an analyst at Shanghai-based consultancy LMC Automotives, told the Global Times on Monday.

"It also serves as a goodwill gesture by China in the trade negotiations with the US," said Zeng.

In a statement, the State Council said that the decision to continue the suspension was a "positive" response to the US decision to hold off on a planned increase in tariffs on Chinese products on March 2 and "concrete action" to facilitate the trade talks. It did not set any end date for the latest suspension.

"The move also shows that the trade talks are going well," said Li Yong, a senior research fellow at the China Association of International Trade.

Chinese and US officials are set to hold further talks in Washington later this week.

Chinese Vice Premier Liu He has already left Beijing for Washington for the planned meetings, Geng Shuang, a spokesperson for the Chinese Foreign Ministry, announced on Monday.

Geng did not reveal further details other than reiterating that China hopes the two sides could reach a mutually beneficial and win-win agreement.

Officials on both sides have hailed progress in the trade negotiations. "The two sides discussed the related text of an agreement and achieved new progress," the Xinhua News Agency said on Friday. The White House also said that "the two parties continued to make progress during candid and constructive discussions on the negotiations and important next steps."

"At least from the outside, it appears that the two sides are continuing to actively pursue a trade deal," Li told the Global Times on Monday.

Noise from US

However, even as positive signs continue to emerge from the latest round of talks, there have also been plenty of what Chinese analysts call noises from the US side that cast shadows over what's otherwise relatively conciliatory negotiations.

On Saturday, the office of the US Trade Representative released its annual National Trade Estimate report, in which it continued to criticize a wide array of Chinese economic and trade policies, including Chinese tariffs imposed in response to the US tariffs, so-called forced technology transfers and the "Made in China 2025" policy initiative.

"[The US] will take all necessary action to protect US interests in the face of such retaliation," the report read, echoing what some US officials have suggested - which is that the US could maintain tariffs on Chinese goods to ensure compliance, while China is not allowed to retaliate.

"If that's the case, then the US side is lacking sincerity," Li said. "I hope the noises are just negotiating tactics rather than firm positions of the US" because that would not lead to a trade agreement that will be accepted by both sides.

US officials have also reportedly voiced concern over certain regulations and laws regarding China's cyber security and even pressed Chinese officials to make changes to the law in the latest trade talks. Such moves have been described by some in China as interference with China's domestic laws and unacceptable.

"The US also needs to show its sincerity and stop these noises that put the talks at risk," Li said.