

Limited truce in US-China trade conflict

Nick Beams
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The United States has agreed to suspend the imposition of tariffs on up to \$150 billion worth of Chinese goods, measures that had been scheduled to commence at the end of the month.

Trade negotiations will continue, with a US delegation to visit Beijing to work out details for the expansion of US exports under the terms of an agreement struck at high-level talks between the two sides in Washington at the end of last week.

In an interview with the business channel CNBC yesterday, Treasury Secretary Steven Mnuchin said: “Both parties have agreed to suspend the tariffs.” But he indicated that they could be imposed if a trade deal with China did not make progress.

Commerce Secretary Wilbur Ross told Fox Business: “This is not a definitive agreement. This is, what we hope, will be a path forward. If it doesn’t work, the tariffs will go into effect.”

It is unclear what would constitute progress. The meeting between the US and Chinese delegations agreed that China would increase its imports of US agricultural and energy products. But no figure was put on the reduction of the US trade deficit with China. Beijing rejected US demands that it be cut by \$200 billion.

No specific timetable was set for the next stage of negotiations or when the US delegation would go to China to discuss the expansion of American exports.

The threat of open trade war remains. Speaking on CNBC, President Donald Trump’s economic adviser Larry Kudlow said the suspension of tariffs was a “good thing,” then added: “But you cannot remove tariffs as a negotiating tool or an enforcement tool from this process.”

Financial markets welcomed the news of the tariff suspension, with the Dow Jones stock index rising by almost 300 points, taking it back over the 25,000 level.

Trump took to Twitter yesterday to defend his

conduct of the trade negotiations with China against criticism from both Democrat and Republican sources that he had been too ready to cut a deal.

Responding to statements by leading Democrat Charles Schumer that the US-China agreement did not mention the protection of intellectual property, Trump said in a tweet: “I ask Senator Chuck Schumer, why didn’t President Obama and the Democrats do something about trade with China, including theft of intellectual property etc? They did NOTHING! With that being said, Chuck and I have long agreed on this issue!”

Schumer fired back: “When it comes to being tough on China trade, I’m closer to Trump than Obama/Bush. But Trump/his team have to be strong and not sell out for a temporary purchase of goods without fixing the real issue: stealing our [intellectual property], which costs us millions of jobs in the long-term.”

Schumer’s response to the suspension of tariffs parallels that of the Democrats to the negotiations on North Korea, which has been to criticise the administration from the right for not being strong enough.

Prominent Republican Senator Marco Rubio was also critical. “If we are desperate for a deal China is going to kill us in negotiations,” he tweeted. Rubio has insisted that trade relations with China be treated as a “national security” issue.

The criticism from Schumer, Rubio and others expresses the positions advanced by the most hawkish anti-China sections of the Trump administration, represented by US Trade Representative Robert Lighthizer and trade adviser Peter Navarro. They have been concerned that Mnuchin is too eager to strike an agreement and pronounce success.

An unnamed source, said to be “familiar” with the negotiations, told the *Wall Street Journal*: “There is growing frustration with Secretary Mnuchin getting

ahead of both the president and the trade team on the direction of the Chinese negotiations. His eagerness to do a deal significantly undercuts the US negotiating position.”

In a statement, Lighthizer said: “Getting China to open its market to more US exports is significant, but the far more important issues revolve around forced technology transfers, cyber theft and the protection of our innovation. Real structural change is necessary. Nothing less than the future of tens of millions of American jobs is at stake.”

Lighthizer’s positions reflect the latest US National Security Strategy document, which labelled China a “strategic competitor” seeking to use economic power as a means to advance its interests.

The “structural changes” demanded by Lighthizer and others were set out in the US document issued to China during talks in Beijing at the beginning this month.

They amounted to nothing short of a demand that China cease striving to make technological advances under its “Made in China 2015” plan, end state financial support for technological innovation, and agree to all restrictions imposed on it by the US without taking any retaliatory action—including even a reference of disputes to the World Trade Organisation.

As numerous economic commentators have pointed out, the methods being employed by the Chinese are not essentially different from those which marked the industrial and technological rise of the US and then later Japan.

But confronted with the rise of China, which it regards as a threat both to its economic and military hegemony, the US is essentially demanding that Beijing accept a semi-colonial status under a new version of the unequal treaties of the 19th century.

This underlying conflict means that the agreement to halt tariff measures, at least for the present, is merely an episode in the increasingly intense struggle by US imperialism to maintain its global dominance.



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