

No deal reached in US-China trade talks

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Three days of talks in Beijing between US and Chinese negotiators broke up yesterday without a deal being struck to end the escalating trade war between the countries. Further talks are scheduled in Washington ahead of the March 1 deadline set by the Trump administration.

The US threat to raise tariffs on \$200 billion worth of Chinese goods from 10 to 25 percent, if no resolution is reached, underscores the one-sided and bullying character of Washington's approach to the talks. The "negotiations" consisted of US officials insisting that Beijing meet a long list of demands, but offering nothing in return, other than not proceeding with the higher tariffs.

In a statement issued yesterday, the Office of the US Trade Representative declared that US negotiators had "conveyed President Trump's commitment to addressing our persistent trade deficit [with China] and to resolving structural issues in order to improve trade between our countries."

The statement noted that China had pledged to buy a "substantial amount" of US agricultural, manufacturing, energy and other products, but made clear that any deal would be "subject to ongoing verification and effective enforcement." In other words, the onus is on China to demonstrate that it will meet US demands, with the threat of additional penalties in the background.

The *New York Times* noted that the US intends to maintain its tariffs placed on Chinese goods last year. "Treasury would preserve indefinitely the 25 percent tariffs that Mr. Trump imposed in July and August on \$50 billion a year in Chinese goods, or roughly a tenth of American imports, and the 10 percent tariffs that he imposed in September on an additional \$200 billion in Chinese goods," it reported.

The so-called "structural issues" are not about "fair trade," but reflect fears in Washington that China is a

threat to US ambitions for global domination. Trump and his officials have repeatedly accused Beijing of the "theft" of American intellectual property and of forcing US corporations to transfer technology to their Chinese partners as the price of doing business in China.

While, prior to the talks, China had drawn up draft laws to illegalise such practices, the US demanded tougher measures. The *New York Times* reported that, according to unnamed US sources, American officials pressed China for more details on how it will guarantee its offers will be implemented. "Many of the administration's trade hawks regard them as nebulous, especially when it comes to Chinese trade practices that administration officials consider unfair," it stated.

The chief obstacle to any deal remains the "Made in China 2025" program to accelerate China's competitiveness in key high-tech industries such as semi-conductors, commercial aircraft and electric cars. While Beijing regards these plans as essential to China's continued economic growth, Washington is hostile to the threat that it poses not only to the dominant position of US corporations, but also to US military superiority.

While Beijing has offered to allow US corporations greater access to participation in manufacturing development in China, it is unwilling to abandon its plans to boost its industrial capabilities.

In a brief statement issued today, China's commerce ministry put an optimistic spin on the talks, declaring there has been "broad, deep and meticulous discussions on shared observations on trade issues and structural problems, laying the foundation for addressing areas of common concern."

Both sides are under pressure to reach an agreement. China is facing a slowdown in economic growth, in part as a result of falling exports to the US. If no deal were reached and US tariffs were raised as threatened on March 2, Chinese growth would be hard hit. Trump

has also threatened to go further and impose higher tariffs on all Chinese imports to the US.

The latest sign of the slowing Chinese economy was a fall in car sales last year—the first decline in more than two decades. According to a report released yesterday, retail sales of sedans, multi-purpose vehicles and sport utility vehicles plunged by 19 percent in December—the seventh straight monthly drop.

Trump is also under pressure to reach an agreement amid a US economic slowdown and high levels of volatility on Wall Street. Sharp divisions have emerged in the White House between Commerce Secretary Wilbur Ross and those such as US Trade Representative Robert Lighthizer who insist that China has to address not only trade imbalances, but also the so-called structural issues.

A *Bloomberg* article yesterday, based on unnamed sources, suggested that Trump was keen to make a deal “driven in large part by his desire for markets to rally.” However, “hawks have also been pressing the president to keep his focus on what they see as a long-term fight” to address what they term “a vast list of Chinese trade abuses.”

This week’s talks took place between mid-level officials. The US team was led by Deputy US Trade Representative Jeffrey Gerrish, who is reportedly closely aligned to Lighthizer. The next round of talks is likely to take place in Washington between Lighthizer, who was appointed by Trump to lead the negotiations, and Chinese Vice Premier Liu He, President Xi’s chief economic adviser.

Any agreement, if finally reached, will be little more than a temporary truce. The Trump administration’s trade war measures against China are part of a far broader confrontation on all fronts—diplomatic and military as well as economic—that is directed at ensuring China does not threaten American global domination. As in the 1930s, the escalating economic and trade rivalry is bound up with the US preparations for a catastrophic war involving nuclear-armed powers.



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