

## The New York Times

---

# *Trump's China Truce Calms Markets, but He Chooses a Hard-Liner to Lead Talks*

By Alan Rappeport

Dec. 3, 2018

WASHINGTON — President Trump cast his trade accord with President Xi Jinping of China as a huge victory for American farmers, automakers and other key political constituencies — statements that helped send volatile financial markets higher on Monday and seemed intended to calm worries about the economic toll of a protracted trade war.

Yet 48 hours after the deal was struck, several big areas of contention remained unresolved and Mr. Trump appointed a veteran trade negotiator with deep skepticism toward China to lead the talks for the United States.

Mr. Trump's choice of Robert Lighthizer, the United States trade representative, to lead the negotiations is significant, given that the official statements from Saturday's meeting included only vague commitments and that deep divisions remain, particularly over China's treatment of American companies and push to obtain trade secrets and intellectual property.

The administration has been intensely conflicted about how to approach China, with hard-liners like Mr. Lighthizer advising Mr. Trump to use punishing tariffs to force Beijing to change, and more moderate advisers, like Steven Mnuchin, the Treasury secretary, encouraging the president to avoid a trade war.

Mr. Lighthizer, who recently brokered the new North American trade deal, is a longtime critic of China's trade practices and has repeatedly cautioned Mr. Trump not to accept vague promises that fail to materialize. He will be taking the reins from Mr. Mnuchin, who led previous rounds of negotiations with the Chinese but could not close a deal that satisfied the president.

That choice could rattle the Chinese, who have cozied up to Mr. Mnuchin, viewing him as more moderate.

---

**You have 3 free articles remaining.  
Subscribe to The Times**

---

“The greatest amount of expertise in the administration, on trade and China, is held by Bob Lighthizer,” said Michael Pillsbury, a China scholar at the Hudson Institute who has been advising the Trump administration, adding that the Chinese have been avoiding Mr. Lighthizer out of fear. “The Chinese are wary because they know he’s the real deal.”

Mr. Trump and Mr. Xi agreed during the Group of 20 meeting in Buenos Aires to pause the trade war between the world’s two largest economies for 90 days and work to address several areas of tension, including the trade gap between what the United States imports from China and what it sells to the Chinese. Mr. Trump, who has hit China with tariffs on \$250 billion worth of goods, agreed over the weekend to hold off on plans to raise all the tariffs to 25 percent on Jan. 1 and to impose additional levies on all Chinese imports.

On Monday, the president trumpeted what he has called “an incredible deal” for farmers and manufacturers, saying they would be first in line to reap the benefits of his agreement.

“Farmers will be a a very BIG and FAST beneficiary of our deal with China,” Mr. Trump said in a Twitter post on Monday. “They intend to start purchasing agricultural product immediately. We make the finest and cleanest product in the World, and that is what China wants.”

In a separate tweet late Sunday night, Mr. Trump said China had agreed to reduce and remove tariffs on cars coming into China from the United States. The tariff rate is 40 percent, which China had raised in response to Mr. Trump’s tariffs, and it was not clear to what level it would fall.

The disclosure took trade watchers and auto industry figures in both countries by surprise. The issue of auto tariffs had not appeared in either government’s public statement after the trade war truce.

Even White House officials who were in the meeting with Mr. Xi were not sure what Mr. Trump meant. Peter Navarro, one of Mr. Trump’s top trade advisers, said on NPR that the subject came up, but he could offer no details. Larry Kudlow, the director of the National Economic Council, acknowledged to reporters in a briefing that he was uncertain what Mr. Trump was referring to but said he hoped all the tariffs will eventually reach zero.

“We don’t have a specific agreement on that,” he said.

The confusion continued into Monday night, when the White House revised Mr. Kudlow’s statement that the trade truce would begin on Jan. 1, rather than Dec. 1, giving the two sides an extra month to strike a deal. The White House released a corrected transcript of Mr. Kudlow’s remarks, striking out January and replacing it with December to reflect that the 90-day clock had already begun.

The lack of specific commitments from China and the conflicting statements from United States and Chinese officials struck many analysts as a sign that the president might ultimately get far less than he was publicly portraying.

For instance, after leaving Buenos Aires on Saturday night, Mr. Trump told reporters aboard Air Force One that Mr. Xi had agreed to approve a deal China had previously rejected between Qualcomm, a San Diego-based chip maker, and a Dutch firm, NXP, calling it “a big thing.” But Qualcomm had already abandoned its plan to buy NXP and said on Monday that it would not be resuscitating any agreement.

“The afterglow of this convivial dinner could fade quickly unless the two sides can find a way to make substantive progress in closing the enormous gulf that still exists between their respective negotiating positions, which will not be easy to bridge,” said Eswar Prasad, a trade policy professor at Cornell University.

And while stock markets rallied and regained some ground after a volatile few weeks, financial analysts cautioned that any celebration was premature.

“The road for a U.S.-China trade deal is not one without potential pitfalls, and that such a ‘truce’ may well prove to be temporary, particularly when considering how the U.S. will try to enforce the implementation of such a deal,” analysts at Citigroup wrote in a note to clients.

Mr. Trump’s own advisers are publicly trying to temper expectations and express cautious optimism given the longstanding differences between the two countries and the strong possibility that the trade war could resume next year.

“This is the first time that we have a commitment from them that this will be a real agreement,” Mr. Mnuchin said Monday on CNBC. “I’m very hopeful we can turn this into a real agreement.”

Mr. Mnuchin noted that China committed to purchase more than \$1.2 trillion in unspecified American products, but he emphasized that promises of structural changes to its industrial policies were more important. Those will be the most difficult changes to secure.

Other members of Mr. Trump’s economic team were even more reluctant to declare victory.

Mr. Navarro, who has often accused Mr. Mnuchin of being too soft on China, said Mr. Xi spent 30 minutes on Saturday night outlining China’s promises and offering responses to more than 140 of Mr. Trump’s trade demands. None of that matters, he said, until Mr. Xi follows through.

“Talk is cheap,” Mr. Navarro said. “What we are looking for is not more talk, but by the end of 90 days that we see verifiable and real structural changes that yield actual, verifiable and immediate results.”

“We have given nothing away here,” he added. “All we have done is given the Chinese time to do the right thing.”

Keith Bradsher contributed reporting from Beijing, and Jack Ewing from Frankfurt.

A version of this article appears in print on Dec. 3, 2018, on Page A1 of the New York edition with the headline: Trump Appoints China Hard-Liner For Trade Talks

[READ 336 COMMENTS](#)