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WORLD

China Portrays U.S. Trade Talks in Glowing Light

Beijing touts progress made at talks, as projects stability ahead of Communist Party leadership shuffle



Chinese Vice Premier Wang Yang, left and U.S. Treasury Secretary Steven Mnuchin during U.S.-China trade talks in Washington on Wednesday. PHOTO: BRENDAN SMIALOWSKI/AGENCE FRANCE-PRESSE/GETTY IMAGES

By *Bob Davis*

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WASHINGTON—Chinese negotiators on Thursday characterized high-level U.S.-China talks that appeared to end without progress as “positive,” saying the two sides were cooperating to narrow Washington’s \$347 billion trade deficit with Beijing.

The negotiators said Beijing would work on U.S. priorities including expanding services trade with the U.S., reducing excess capacity in its steel industry and boosting agricultural imports, according to a lengthy statement released by the Chinese Embassy in Washington. It wasn’t clear whether these were new pledges or restatements of past positions.

The embassy said the Wednesday talks were marked by a “candid and friendly spirit” and produced “positive outcomes,” including a fresh set of talks to stretch over the coming year.

U.S. officials didn’t immediately comment on the Chinese statement. A day earlier they issued only a terse statement. On Wednesday, Chinese officials in Beijing painted a rosier picture of Wednesday’s talks, with one describing them as “innovative, practical and constructive.”

The differing responses appear to reflect the political objectives of the two nations, said Eswar Prasad, a China scholar at Cornell University.

Beijing wants to show it can keep U.S.-China relations on an even keel before a Communist Party conference this fall where the senior leadership will be chosen, Mr. Prasad said. “The statement is meant for the audience back home,” he said. “They are

very keen to convey the impression that everything is smooth on the U.S-China economic front.”

The U.S. administration has a different purpose: showing that it can make progress in reducing the trade deficit, which President Donald Trump has blamed for what he says is American economic decline. So, from his perspective, tension and uncertainty in the relationship can be used to try to change the status quo.

“Any tension in the relationship is something the U.S. could live with and something the Chinese want to avoid,” Mr. Prasad said.

It is unclear which side has the upper hand in future talks. The most contentious issues involves the trade deficit and Chinese steel overcapacity.

U.S. officials were dissatisfied with the Chinese unwillingness to make specific commitments to reduce the deficit, said trade experts briefed on the talks.

Still, some Western trade economists say Beijing is justified in resisting quantitative targets. That is because trade measures may affect exports and imports in particular sectors, they say, but aren’t generally enough to alter the overall deficit.

China’s embassy said the two sides agreed that reducing the deficit was a “priority” for both nations and they would “step up cooperation, manage differences and conduct constructive cooperation.” But it didn’t offer anything concrete.

When it comes to excess capacity in the steel industry, the Chinese said the two sides agreed to “active and effective measures to jointly address this global issue,” but it didn’t provide specifics.

That may not satisfy the Trump administration, which is debating whether to levy tariffs on imports of steel from China and elsewhere in a bid to force Beijing to meet specific benchmarks for cutting production overcapacity, which is weighing on global steel prices.

On agriculture, the Chinese said the two sides discussed several steps including China lifting its two-year-old avian influenza-related ban on U.S. poultry meat. The American chicken industry has pushed China to tailor such bans regionally—as opposed to universal bans—and have set up visits for Chinese officials to tour U.S. plants.

Officials from the two countries also discussed China’s economic restrictions on some U.S. grain products and exports of Chinese dairy products to the U.S., according to the Chinese statement.

Myron Brilliant, executive vice president of the U.S. Chamber of Commerce, said the Chinese pledges fell short.

“While it’s important that China and the U.S. put issues on table, we want to see more tangible progress made in a range of structural, regulatory and other concerns that have been longstanding irritants in U.S.-China relationship,” he said.

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