

Business

China agrees to buy 'significantly' more from the U.S., but doesn't commit to specific amount

by [David J. Lynch](#) May 19 [✉ Email the author](#)

The United States and China said Saturday that two days of “constructive” talks between American and Chinese officials in Washington had led to an agreement for China to buy more goods and services — including “meaningful increases in United States agriculture and energy exports” — as the two countries work to defuse a brewing trade war.

But a joint statement released by the White House did not contain a specific target for reducing the \$375 billion trade deficit between the two countries, suggesting the White House had not secured the \$200 billion reduction that senior Trump administration officials had said was forthcoming.

The joint statement said the United States would dispatch a team to China to work out the details, which also may include expanded trade in manufactured goods and stronger “cooperation” in enforcement of intellectual property protections. The statement, which had been expected Friday evening after the talks ended, said that the goal is to “substantially reduce the United States trade deficit in goods with China.”

The announcement comes after National Economic Council Director Larry Kudlow said Friday that China had agreed to purchase “at least \$200 billion” in additional goods and services in a bid to sharply reduce the U.S. trade deficit with China that has drawn President Trump’s ire. Saturday’s statement lacked any specific dollar amounts or indications that Beijing had bowed to Trump’s demands for far-reaching changes in its industrial policies, which the president says disadvantage U.S. companies.

The Trump administration opened talks with China earlier this month by sending a high-level delegation headed by Treasury Secretary Steven Mnuchin to Beijing. The embrace of diplomacy, following months of tariff threats, was a striking shift for an administration that has openly disparaged previous negotiations with China as producing endless talk and little gain for the United States.

This week’s meetings, featuring a U.S. team of Mnuchin, Commerce Secretary Wilbur Ross and U.S. Trade Representative Robert E. Lighthizer squaring off against a Chinese delegation led by Vice Premier Liu He, were sometimes contentious. But Liu, a confidante of Chinese President Xi Jinping, gave Trump and his aides a well-received presentation at the White House on Thursday that improved the atmosphere, according to Kudlow.

Still, some analysts said the administration so far has few tangible gains to show for its strategy.

“It is a very limited and tentative agreement mainly designed to de-escalate tensions,” said Eswar Prasad, former head of the International Monetary Fund’s China division. “It’s clear that China has balked at some of the specific commitments the U.S. has demanded, including a quantitative commitment to reduce the bilateral trade deficit.”

With China's total merchandise orders from the United States last year amounting to just \$130 billion, many economists are skeptical that Chinese customers can increase their U.S. orders by \$200 billion annually, which Trump set as his goal before the first round of talks in Beijing this month.

"Just because they buy more of our stuff, it doesn't mean the trade deficit will go down," said economist Christine McDaniel of the Mercatus Center at George Mason University.

Americans may recycle the additional money they receive from increased Chinese purchases by buying additional Chinese imports, leaving the trade gap no smaller, she said.

The statement's language on intellectual property and investment flows, which promised continued high-level engagement, also suggested "there remains a huge gulf between the two sides," said Prasad, now a professor of trade policy at Cornell University.

Though the statement lacked many specifics, its repeated references to "consensus" between the two sides following months of sniping over trade suggested that a damaging commercial conflict could be avoided. The president had threatened to impose tariffs on up to \$150 billion in Chinese imports while China had vowed to retaliate, spooking American farmers who would be among the first to suffer financially.

While easing tensions with China may help Trump in his June 12 summit with North Korean leader Kim Jong Un, a Chinese ally, friction between the United States and China is likely to flare anew as the November congressional elections draw closer. The president has made rebalancing trade policy and recapturing lost factory jobs a centerpiece of his domestic agenda. But so far, he has had more success levying tariffs than reaching new trade deals.

Lighthizer, his chief trade negotiator, said Thursday that the United States, Mexico and Canada were "nowhere near close to a deal" on an overhaul of the 1994 North American Free Trade Agreement despite nine months of negotiations.

Saturday's joint statement contained no reference to China's hopes of securing relief for ZTE, a Chinese telecom company that has been barred from buying U.S. components following its failure to comply with a settlement of charges for illegally shipping products to Iran and North Korea. Trump has directed the Commerce Department to review the case after a plea from Xi.

Trump's move to rescue a Chinese company that had violated U.S. sanctions and then failed to carry out mandatory reforms sparked bipartisan opposition on Capitol Hill. Thursday, the Republican-controlled House Appropriations Committee amended an annual spending bill to bar the administration from easing its ban on ZTE. And Senate Minority Leader Charles E. Schumer (D-N.Y.) warned Trump Saturday that softening the company's punishment "will signal to President Xi that we are weak negotiators."

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