

U.S.-China trade talks in 'tricky' endgame, Chamber says

By Doug Palmer

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Trade talks between the United States and China appear to have reached a delicate final stage, focused on how quickly President Donald Trump will remove tariffs on Beijing and whether the United States will have a unilateral right to retaliate if China fails to live up to commitments in the pact, a U.S. industry official said Tuesday.

"I think the expectations are pretty clear on both sides that this is a very critical window" for reaching an agreement, Myron Brilliant, executive vice president and head of international affairs at the U.S. Chamber of Commerce, told reporters in a briefing on talks taking place this week.

"Both sides have been pretty clear that they would like to wrap things up in April," Brilliant said. "Whether they get there is going to be determined by whether they can handle these outstanding, tricky issues."

The two biggest concerns involve determining when Trump will lift tariffs on \$250 billion worth of Chinese goods and whether and under what conditions the United States would be able to unilaterally retaliate if it believes Beijing has not adhered to the terms of an agreement, Brilliant said.

Negotiating teams led by Chinese Vice Premier Liu He and U.S. Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin will square off in Washington beginning on Tuesday, following a previous round of talks in Beijing last week.

Even if those issues are resolved during Liu's visit to Washington this week, Brilliant said, it's unlikely the two sides will announce a final deal. But they could potentially announce that they have reached agreement on the broad contours of a deal and set dates for Trump and Chinese President Xi Jinping to meet in late April, Brilliant said. If that doesn't occur, it would be an indication that the two sides are still bogged down on tariff removal and enforcement provisions, he added.

Brilliant said industry wants a deal to remove the tariffs Trump imposed on \$250 billion worth of Chinese goods, and to lift China's retaliatory duties on \$110 billion worth of American exports. But industry leaders also hope the Trump administration will use the leverage it has gained from those tariffs to secure commitments from Beijing on a long list of reforms. Those include reduction of government subsidies, tougher protection of intellectual property rights, improvements in market access and an end to Beijing pressuring American companies to transfer sensitive technology to Chinese competitors in order to do business in China.

Brilliant said it was hard for him to believe China would grant the United States a unilateral right to retaliate against alleged violations of an agreement unless Trump makes a clear commitment to lift the tariffs he has imposed.

"China is unlikely to allow, or give the unilateral right to retaliation, absent some kind of understanding on the tariff issue," Brilliant said. "This is a critical week in that regard."

But whether the duties are lifted all at once, or phased out as China meets its commitments under an agreement is for the two governments to decide, he said.

The Trump administration has indicated it would like to keep at least some of the existing duties in place to ensure compliance, but Chinese negotiators have pushed for all of the tariffs Trump imposed last year to be removed immediately.

Brilliant said China is undoubtedly aware Trump has not lifted steel and aluminum tariffs on Canada and Mexico in the six months after the U.S. reached a deal with the two countries to revamp NAFTA.