

US-China trade dispute

Donald Trump welcomes Xi speech despite lack of big concessions

Markets welcome Chinese president's promises as way out of trade war



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Shawn Donnan in Washington, Gabriel Wildau in Bo'ao and Tom Mitchell in Beijing APRIL 10, 2018

US President Donald Trump welcomed Xi Jinping's promises to continue opening up China's economy despite the lack of substantial concessions by his Chinese counterpart in a widely anticipated speech.

Mr Xi on Tuesday repeated promises that his government would "broaden market access" for foreign financial services companies, reduce limits on foreign investment in the automotive, shipbuilding and aviation sectors and lower import tariffs on cars.

Most of the measures mentioned in his speech to the Bo'ao Forum for Asia had been announced earlier and the Chinese president offered no new details about when or how they would be implemented.

But Mr Trump, who has repeatedly stressed his good personal relationship with his Chinese counterpart even as he has threatened to impose tariffs on as much as \$150bn in US imports from China, gave Mr Xi's speech a warm welcome.

"Very thankful for President Xi of China's kind words on tariffs and automobile barriers . . . also, his enlightenment on intellectual property and technology transfers. We will make great progress together!" Mr Trump said on Twitter.

The White House message came as investors also read the Xi speech as conciliatory and boosted US financial markets that last week were roiled by fears of a looming trade war.

Chinese government officials first proposed greater financial sector liberalisation and easing the 50 per cent foreign ownership limit on automotive joint ventures in [November](#), just after Mr Trump ended his first visit to China. Trump administration officials have consistently rejected such offers as “too little, too late”.

“China does not seek trade surpluses,” Mr Xi said on Tuesday as he pledged to “significantly lower” tariffs on imported vehicles.

That promise came just hours after Mr Trump complained in a tweet that China’s 25 per cent tariff on imported cars was 10 times that assessed by the US.

“Does that sound like free or fair trade,” Mr Trump said. “No, it sounds like STUPID trade.”

Foreign investors and diplomats had hoped Mr Xi would use his speech at Bo’ao to outline bold new reforms with concrete details and implementation timetables. His address was instead largely a rehash of his January 2017 speech at the World Economic Forum in [Davos](#), Switzerland, where he sought to position China as a defender of global trade and economic openness, despite its own highly restricted domestic investment environment.

Eswar Prasad, a China expert at Cornell University, said the Xi speech had left many open questions about his commitment to reforms. But that seemed to have been enough to draw Mr Trump’s approval.

“Trump seems to be accepting the olive branch proffered by Xi,” Mr Prasad said. “Xi Jinping is cleverly playing to Trump’s ego by giving him the opportunity to claim a ‘win’ while doing so in a way that makes little or no difference to China’s economy and involves no major new commitments.”

“No doubt there are tough negotiations ahead between the two sides on substantive issues, but at least there is a de-escalation of tension now that Trump can claim victory for getting China to blink,” he said.

Beijing last week reacted angrily to the Trump administration’s release of a list of more than 1,300 Chinese products accounting for almost \$50bn in trade in retaliation against “[forced technology transfers](#)” and other forms of alleged intellectual property theft.

China responded almost immediately with proposed counter-tariffs on \$50bn worth of US exports, including soyabeans and aircraft. That prompted Mr Trump to vow to add a further \$100bn in

tariffs in response to what he said had been an unacceptable threat of retaliation against US farm products and other goods.

Chinese officials, who deny forcing foreign investors to surrender intellectual property, have insisted that they will not enter into talks while they are being threatened with tariffs.

“There is no plan whatsoever for the two sides to talk,” Ruan Zongze, a former foreign ministry official, said on Monday at a briefing in Washington organised by the Chinese embassy.

“Washington underestimates China’s resolve and determination.”

Trump administration officials have also been reluctant to engage in substantive trade talks with China, arguing that they have traditionally been fruitless exercises. “Progress with a relentlessly protectionist China remains elusive,” Peter Navarro, White House trade adviser, wrote in a [column](#) in the Financial Times on Monday.

“While the trade deficit balloons, China continues to steal US intellectual property and force American companies operating there to surrender their leading edge technologies in exchange for access to the Chinese market,” Mr Navarro added.

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Global economic growth

US-China trade tensions hitting global growth, says WTO

‘Escalating cycle of retaliation’ threatens economic recovery



WTO director-general Roberto Azevêdo: 'A cycle of retaliation is the last thing the world economy needs' © AP

Rising trade tensions caused by President Donald Trump's push to impose tariffs on imports from key US trading partners such as China and the EU may already be having an effect on the global economy, the World Trade Organisation warned on Thursday.

In its latest forecast the WTO said it expected global trade volumes to expand by 4.4 per cent in 2018 after growing 4.7 per cent last year in the best performance seen in six

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