

## The New York Times

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# *Trump Optimistic on Trade Deal With China, but May Keep Tariffs Anyway*

By **Alan Rappeport and Mark Landler**

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WASHINGTON — President Trump expressed optimism Thursday about reaching a landmark trade deal with China, but said in an interview that he would consider leaving in place some tariffs on Chinese goods even if the two sides strike an agreement.

“Without the tariffs, we wouldn’t be talking,” Mr. Trump said in an interview with The New York Times, shortly after his administration concluded two days of high-level trade talks with Chinese officials. “And I make this point clear to them.”

As he hosted the Chinese delegation in the Oval Office earlier in the day, Mr. Trump said he would meet next month with the Chinese president, Xi Jinping. He suggested that Mr. Xi was prepared to make significant changes to Beijing’s economic policies, including opening its market to American companies and buying more products.

To buttress his point, Mr. Trump had a letter from Mr. Xi — filled with flattery of Mr. Trump and promises to make big purchases of American agricultural products — read aloud to reporters. Liu He, China’s vice premier and Beijing’s trade negotiator, told the president that Mr. Xi was committed to buying five million tons of soybeans, a pledge that caught Mr. Trump’s aides by surprise.

“That’s a lot of soybeans,” Mr. Trump said.

“We never really had a trade deal with China and now we’re going to have a great trade deal with China,” he said, adding, “if it all works out.”

*[Read more from Mr. Trump’s interview with The Times.]*

Mr. Trump’s chief trade negotiator, Robert Lighthizer, struck a far more guarded note, saying the two sides had not even agreed on a draft framework for an agreement that is supposed to come together by March 2. Nor did they discuss rolling back American tariffs on Chinese goods. The main achievement, he suggested, was that the two sides were still talking.

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“We did not come off the rails,” Mr. Lighthizer said. “That’s significant.”

A statement from the Chinese delegation said on Thursday that the talks made “important progress,” and that the two sides had “candid, specific and fruitful” discussions.

Substantial hurdles remain in the way of a deal before a 90-day trade truce ends, bringing with it higher tariffs on \$200 billion worth of Chinese imports.

While Mr. Trump promoted China’s commitment to buy more American goods, he said any agreement he made with Mr. Xi must go far beyond that and include an unprecedented opening of its markets to American businesses. He said a final deal would probably be sealed in person during a meeting next month with Mr. Xi at a location that has not been determined.

“It’s a very short period of time for a deal this big. But it’s very possible,” Mr. Trump said in the interview with The Times. “I believe that a lot of the biggest points are going to be agreed to by me and him.”

The United States wants China to commit to buying American goods and services in large quantities to reduce America’s trade deficit, and to agree to make structural changes, including ending its practice of requiring American companies to hand over trade secrets as a condition of doing business there.

The surprise Chinese offer to buy soybeans attested to their gamesmanship and attempt to sway Mr. Trump with big numbers. It also left Mr. Lighthizer and his colleague, Larry Kudlow, the chief economic adviser, flummoxed during a briefing with reporters about whether the Chinese had pledged to buy five million tons of soybeans, or the more commonly used bushels.

After Mr. Lighthizer dispatched an aide to seek clarification, the White House confirmed that the Chinese offer was to buy five million tons.

An economist at the American Farm Bureau noted that in a normal year the United States exports about 35 million tons of soybeans to China, so the five million ton purchase is not as robust a gesture as Mr. Trump suggested.

The world’s two largest economies have been locked in a monthslong standoff that has begun to slow global economic growth and rattled financial markets. Both countries are under increasing pressure to reach an accord: American companies with exposure to China have begun warning that the trade war is hurting profits, and the Chinese economy is growing at its slowest pace in years.

On Wednesday, Mr. Liu and the Chinese delegation began two days of talks with Mr. Lighthizer and Steven Mnuchin, the Treasury secretary. Mr. Trump said on Thursday that Mr. Mnuchin and Mr. Lighthizer would travel to Beijing in February, after the Chinese New Year holiday, to lay the groundwork for a meeting between the two presidents. One of the biggest issues to resolve, Mr. Lighthizer said, is how to ensure any commitment by the Chinese is enforceable.

“An agreement is nothing without enforcement,” Mr. Lighthizer said.

Mr. Liu concurred, stating that it was also important to China that an agreement had mechanisms to ensure that promises were kept.

One issue that has been hanging over the talks is the fate of Huawei, the Chinese telecommunications giant that is facing criminal charges in the United States for stealing trade secrets and evading sanctions. Mr. Trump indicated that it did not come up in the talks this week but that “it will be discussed.”

“That, actually, as big as it might seem, is very small compared to the overall deal,” Mr. Trump said to reporters of the Huawei case.

*[Why the trade talks are unlikely to resolve all issues by the deadline.]*

Mr. Trump did appear to offer some wiggle room about extending the deadline while continuing negotiations, but he did not appear willing to budge on raising tariffs.

“I think we can do it by March 1,” he said. “Can you get it down on paper by March 1? I don’t know. I can tell you on March 1 the tariff on China goes to 25 percent.”

In a formal statement at the conclusion of the talks, the White House made clear that tariffs will increase if a “satisfactory outcome” is not reached by March 1.

Trade analysts said a potential meeting between Mr. Trump and Mr. Xi was a strong sign that an agreement could be within reach, as Mr. Trump has shown a greater inclination to close a deal than Mr. Lighthizer, his hawkish top trade negotiator.

**“Trump’s apparent willingness to meet with Xi raises the odds of a deal that allows the U.S. to claim at least a partial victory and avoid any further escalation of trade tensions,” said Eswar Prasad, the former head of the International Monetary Fund’s China division.**

“Both sides seem to want to reach a negotiated settlement,” he said, “and for Trump, the political benefits to striking some sort of deal now probably outweigh the benefits of continuing to maintain a tough and inflexible posture against China.”

Business groups in the United States have been pleading with the administration to resolve the trade war, which has dented consumer sentiment in both countries and begun to raise prices for Chinese imports. While many American businesses agree that China needs to change its ways, the tit-for-tat tariffs have started to hurt manufacturers and technology companies, including Apple and Caterpillar.

Myron Brilliant, the head of international affairs at the U.S. Chamber of Commerce, who has been briefed on the talks, said China had shown some willingness to make reforms on market access and intellectual property. However, China has been highly reluctant to budge on sensitive

subjects such as technology transfer and subsidies of state-owned enterprises. For that reason, there are significant gaps between the two sides.

“I would now say we are at halftime of the Super Bowl of trade relations,” Mr. Brilliant said. “There is still work to be done.”

Peter Baker and Maggie Haberman contributed reporting.

A version of this article appears in print on Jan. 31, 2019, on Page B4 of the New York edition with the headline: Trump Optimistic on Trade Deal; Negotiations Not ‘Off the Rails’

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