

China and U.S. Differ Over Agricultural Purchases Trump Boasted About

By [Ana Swanson](#) and [Keith Bradsher](#) July 10, 2019



Chinese shipping containers at the Port of Los Angeles. China is said to have denied making any explicit commitment to buy American farm products in recent negotiations. Mark Ralston/Agence France-Presse — Getty Images

WASHINGTON — President Trump emerged from a June meeting in Japan with Xi Jinping, the Chinese president, saying that China would immediately begin purchasing American farm products in return for a trade truce that would forestall more United States tariffs on Chinese goods.

China did not see it that way. People familiar with the negotiations say China

has denied making any explicit commitment to buy American farm products during those discussions and instead saw large-scale purchases as contingent on progress toward a final trade deal that is still nowhere in sight.

That is raising questions among trade experts about whether the United States gave up more than it got during Mr. Trump's recent efforts to de-escalate the trade war.

Mr. Trump agreed to delay imposing tariffs on another \$300 billion worth of Chinese imports and said he would ease restrictions on Huawei, the Chinese telecom giant blacklisted in May by the Commerce Department. In exchange, Mr. Trump said China would snap up American farm products.

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“China is going to be buying a tremendous amount of food and agricultural product, and they're going to start that very soon, almost immediately,” Mr. Trump said on June 29. “We're going to give them lists of things that we'd like them to buy. Our farmers are going to be a tremendous beneficiary.”

But Beijing has yet to engage in any large purchases of American farm goods since the meeting. Two people familiar with Chinese economic policymaking said China did not believe that an explicit agreement had been struck for specific farm purchases.

On Tuesday, Larry Kudlow, a chief White House economic adviser, said the United States expected China to begin making purchases of soybeans, wheat and potentially energy products, but acknowledged they had yet to materialize.

“The president, in a good-faith showing, has indicated that we will cease any

new tariffs, any new tariffs,” Mr. Kudlow said. “Now, President Xi is expected — or we hope, in return for our accommodations — to move immediately, quickly, while the talks are going on, on the agriculture front. It’s good faith, but it would be real transactions.”

“Haven’t seen them yet, by the way,” Mr. Kudlow added. “But, yes, that was part of the conversation.”

It appears to be just the latest misstep in a drawn-out negotiation between the United States and China. And it suggests that, despite descriptions of progress by American officials, a protracted trade war that has rocked global markets and clamped down on trade between the world’s two largest economies is likely to continue for the foreseeable future.

Beijing continues to push for the United States to remove the tariffs it has placed on \$250 billion worth of Chinese products up front and let China carry out changes to its intellectual property laws and other regulations more gradually, people with knowledge of the talks say. The Trump administration has insisted that its tariffs remain while China makes the promised changes, but it is also eager to find a solution where China will move ahead with large purchases of agricultural goods.

Negotiators from the two countries are continuing to work toward a deal, and large-scale purchases could still happen. On Tuesday, Robert Lighthizer, the United States trade representative, and Treasury Secretary Steven Mnuchin spoke with China’s vice premier, Liu He, and its commerce minister, Zhong Shan, to continue talks, according to a senior administration official.

In [a statement on Wednesday](#), China’s Ministry of Commerce said the two sides “exchanged views on implementing the consensus reached in Osaka” by Mr. Trump and Mr. Xi.

American officials also said on Tuesday that they were already going ahead with part of what Mr. Trump described as his concession: relaxing a ban on

Huawei, the Chinese telecom giant that the United States cut off from buying American technology amid national security concerns. The administration will issue licenses for American companies that want to do business with Huawei “where there is no threat to national security,” Commerce Secretary Wilbur Ross said.

The United States has moved to cut the company off from access to American suppliers by placing it on the so-called entity list, which restricts sales of American technology for national security reasons. But companies can apply for licenses to sell specific products, circumventing the ban.

It remains unclear exactly which types of products could be exempted. The American technology industry has been lobbying the administration, saying the restrictions could cut it off from a valuable source of revenue. The ability to continue selling to Huawei could offer a reprieve to American companies like Qualcomm, Intel, Broadcom and Google, which sell Huawei microchips, software and other specialized parts that go into its smartphones and telecom equipment.

Some critics have described the administration’s decision to allow more sales to Huawei as a significant concession — and say it remains unclear what the United States will obtain in return.

“If President Trump has in fact bargained away the recent restrictions on [#Huawei](#),” Senator Marco Rubio, Republican of Florida, said on Twitter on June 29, “then we will have to get those restrictions put back in place through legislation.”

Trade talks with China came to a halt in early May, when Chinese negotiators said they could not accept some provisions that had tentatively been agreed to in a draft pact. The United States accused Beijing of backtracking. Both sides immediately escalated their trade war, with Mr. Trump raising tariffs on \$200 billion worth of goods and threatening to tax nearly all Chinese imports. China retaliated with higher tariffs on American goods.

The prospect of a prolonged trade conflict has shaken stock markets and Mr. Trump's political base heading into the 2020 election. So hopes were high when Mr. Trump emerged from a meeting with Mr. Xi in late June with a temporary truce.

The president has been eager to reduce the trade war's pain on American farmers, who send about one-third of their crops to China. Farmers are an important source of political support for the president, but they have been battered by the conflict in which the United States has ramped up tariffs on China.

China has placed retaliatory tariffs on American products, including soybeans. And Beijing has directed its state-owned companies to start and stop purchases of American products as a lever in the conflict. Its huge state-owned agricultural trading companies, which handle food imports, have been shifting their orders to other countries, like Brazil.

In the days leading up to the meeting between Mr. Trump and Mr. Xi in Osaka, China made large purchases of soybeans as an apparent good-will gesture. On June 28, the United States Agriculture Department [announced that Chinese importers](#) had bought 544,000 tons of soybeans, the largest sale to China since late March.

But no unusually large purchases have been reported since then, and it remains unclear whether China will continue making significant purchases.

Chinese officials have maintained that any further purchases would be made only as part of a trade deal rather than as a unilateral concession, said Eswar Prasad, a professor of international trade at Cornell University and the former head of the International Monetary Fund's China division.

“China has made a commitment in principle to purchase more American goods, including agricultural products, but it is a commitment conditional on some progress in the trade talks,” Mr. Prasad said. “China has no intention of

following through on its commitment if the trade talks founder.”

When questioned directly about Mr. Trump’s statement on farm purchases last week, a spokesman from the Chinese Ministry of Commerce avoided giving a specific answer.

“China and the United States have strong complementarities in the field of agricultural products trade, and there is huge space for cooperation,” said the spokesman, Gao Feng, adding that China did not want to see agricultural trade affected by trade frictions between the countries.

“Agricultural trade is an important issue that needs to be discussed by both sides,” Mr. Gao said.

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