

THE WALL STREET JOURNAL.

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <https://www.djreprints.com>.

<https://www.wsj.com/articles/china-and-the-u-s-will-hold-trade-talks-in-washington-in-october-11567651064>

WORLD | ASIA | CHINA

China and the U.S. Will Hold High-Level Trade Talks in Early October

Liu He, Robert Lighthizer and Steven Mnuchin spoke by phone Thursday morning Beijing time



Chinese Vice Premier Liu He in Shanghai in June. PHOTO: QILAI SHEN/BLOOMBERG NEWS

By Chao Deng in Beijing and William Mauldin in Washington

Updated Sept. 5, 2019 6:41 am ET

Chinese and American officials plan to hold trade talks in Washington in early October, a new attempt to tame a trade war that is rippling through the global economy and hurting business investment and confidence.

Chinese Vice Premier Liu He, U.S. Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin spoke by phone on Thursday morning Beijing time and agreed to meet next month for high-level trade talks, state-run China Central Television said.

The U.S. side confirmed the phone call and said a high-level meeting would take place in Washington in the coming weeks. Both sides said deputy-level officials would work together in mid-September to lay the groundwork.

 SHARE YOUR THOUGHTS

What concessions, if any, should the U.S. offer to get a trade deal done with China? Join the conversation below.

Plans to meet in person come as each side ramps up punitive tariffs on the other.

The U.S. is in the middle of introducing 15% levies on about \$270 billion worth of mostly consumer items from China. It also plans to raise tariffs on largely nonconsumer items—materials

businesses use to produce goods—to 30%

from 25%. That will happen on Oct. 1, likely before the next round of trade talks finishes, under Beijing's current timeline.

China is retaliating, hitting items such as American soybeans and some U.S. auto parts with higher punitive tariffs of 30% and 35%. And it is letting the Chinese yuan depreciate to help mitigate the impact of the levies.

Expectations for a breakthrough in trade talks are low, as tensions have risen between the two countries. Neither Beijing nor Washington specified a start date for the talks, which would be the 13th round in a series of on-and-off negotiations that began in January, after the U.S. initially agreed to hold off on further tariffs to try to reach a trade deal.

“The path to even a modest deal is strewn with many obstacles, as neither side is likely to pull back any of the existing trade sanctions without substantial concessions from the other side,” said Eswar Prasad, a China expert and economist at Cornell University.

 RELATED CONTENT

- Global Stocks Rally on New Trade Talks
 - U.S.-China Trade War's Global Impact Grows
 - Trump Administration Goes Ahead With New Tariffs on Chinese Products
 - Latest Round in Trade War Set to Hit U.S. Vehicles, Agriculture (Aug. 23)
 - U.S. Designates China as Currency Manipulator (Aug. 5)
-

Eric Zheng, chairman of the American Chamber of Commerce in Shanghai, said businesses welcome plans for more talk. Many hope the two countries can make progress on trade-related issues in particular, he said, while setting aside more complicated issues such as

national security for later.

However, he said he didn't think the two sides were in a position to reach a trade deal in this round of talks. “Both sides are quite far apart from each other.”

At a briefing Thursday, a spokesman from China's Commerce Ministry urged the U.S. to

stop using its national powers to crack down on China's Huawei Technologies Co. The telecommunications giant, which Washington placed on an exports blacklist in May, recently accused the U.S. of cyberattacks and staff threats. It has become an integral part of trade negotiations, with President Trump suggesting at times that it could be used as a bargaining chip to gain concessions from Beijing.

White House officials cheered China's willingness to resume direct discussion late Wednesday in Washington but cautioned that it remained unclear whether the talks would produce a breakthrough, according to people familiar with the matter. They added that officials are still waiting to see what the Chinese delegation brings to the table.

On Tuesday, Sen. Chuck Grassley (R., Iowa), the chairman of the Senate Finance Committee, told reporters that Mr. Lighthizer didn't want to schedule a meeting with senior Chinese officials unless there were signs of significant progress.

Newsletter Sign-up

"In conversations I've had, it's pretty certain the United States doesn't care much to sit down and talk unless there's going to be real serious movement on the three or four things that we think are most important," said Mr. Grassley, who listed currency manipulation and intellectual-property theft as priorities.

Beijing is eager to see a deal that would have the U.S. remove its tariffs, while Washington wants China to commit to structural changes in its economy, in addition to buying more U.S. agricultural goods. People following the trade talks

say Beijing has grown less willing to make concessions as the U.S. surprises them with round after round of tariffs.

With no trade deal in sight, Beijing is working hard to shore up its slowing domestic economy. On Wednesday, China's State Council called for the timely use of policy tools including a reduction in the amount of reserves banks have to hold, and for local governments to get ready earlier to issue bonds for next year, a move aimed at boosting

infrastructure investment.

Chinese state television said the two sides plan to work together and “create favorable conditions” for the negotiations.

—*Andrew Restuccia and Lin Zhu contributed to this article.*

Write to Chao Deng at Chao.Deng@wsj.com and William Mauldin at william.mauldin@wsj.com

Copyright © 2019 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <https://www.djreprints.com>.