

Trump announces partial trade deal with China, lifting hopes that tensions could ease

Key details still need to be resolved, but progress came during two days of talks in Washington.

President Trump said Friday that the United States and China have “agreed in principle” on a preliminary trade deal, marking the first tangible achievement in their 18-month trade war while leaving all of the toughest issues that divide them to future talks.

Speaking in the Oval Office during a meeting with Chinese Vice Premier Liu He, the president said negotiators reached a “substantial phase one” pact, though details were scarce. As part of the initial agreement, the White House agreed not to proceed with plans to increase tariffs on \$250 billion in Chinese goods next week to 30 percent from 25 percent.

“We’ve had nothing but bad news since April. Finally, there’s some sunlight on these trade talks,” said Myron Brilliant, executive vice president of the U.S. Chamber of Commerce.

Trump said the partial accord includes Chinese purchases of \$40 billion to \$50 billion in U.S. farm products and U.S. tariff concessions, though he has in the past promised trade talk breakthroughs that did not materialize.

Friday’s announcement was intended to pave the way for a more complete bargain between Washington and Beijing in the yet-to-be-defined second and third phases. Trump said negotiators had agreed on unspecified provisions governing intellectual property, the opening of China’s financial services market and a ban on using currency as a trade weapon.

But no formal terms were committed to paper, and the Office of the U.S.

Trade Representative did not make public any additional details. “I don’t think it should be a problem, getting it papered,” the president said, adding that he expected that to occur over the next four weeks.

Trump and Chinese President Xi Jinping could meet to sign the agreement in Chile at an Asian-Pacific leaders summit in mid-November. “Both presidents have to own this thing,” said Craig Allen, president of the U.S.-China Business Council.

News of a potential deal, which capped two days of talks in Washington, cheered Wall Street earlier Friday. Even before the president spoke, the Dow Jones industrial average was up roughly 500 points, or close to 2 percent, amid hints that a partial accord was imminent. The president celebrated the outcome as “one of the biggest deals,” but the lack of specificity in his announcement, and his comment that the partial deal could take weeks to iron out, cooled traders’ optimism. The Dow closed up almost 320 points, or 1.2 percent, to finish at 26,816.59.

“This deal temporarily puts off any further escalation of tensions but does not resolve any of the major underlying sources of frictions between the two countries or mitigate uncertainty about the future of the bilateral economic relationship,” said Eswar Prasad, former head of the International Monetary Fund’s China unit.

Some China hawks also were unimpressed.

“It’s basically some purchases and a bunch of fluff because no one in the administration really wants to go through with the tariffs anyway,” said Derek Scissors, a China expert at the American Enterprise Institute.

Trump has yet to decide whether to proceed with another planned tariff increase Dec. 15, which would hit popular consumer goods just as his re-election effort swings into high gear.

The president's decision to accept a multipart process came just three weeks after he flatly rejected the notion of a partial deal, insisting "we're looking for the big deal."

The shift comes as Trump faces mounting unrest among core supporters in Midwest farm and manufacturing communities. Voters who have backed his confrontational stance toward China from the start have grown impatient as farm export losses piled up and factory orders softened. His ability to lock up support in states such as Wisconsin, Michigan, Pennsylvania and Ohio could be crucial to his reelection bid.

Business and farm representatives generally welcomed Friday's announcement, but called it insufficient.

"This agreement seemingly does nothing to address the crippling tariffs farmers currently face. The promise of additional ag purchases is welcome news but details on timeline, price, commodities and many other questions will have to be answered," said Brian Kuehl, of Farmers For Free Trade.

But Trump supporters glimpsed signs that the president's aggressive approach is paying off.

"It appears that China is starting to recognize the gravity of the situation, and is finally addressing some long-standing U.S. concerns — such as protection of intellectual property and market access for American farmers," said Stephen Vaughn, a former administration trade official now at King & Spalding. "At the same time, President Trump and his team are still focused on the major, structural concerns that have driven the Administration's efforts toward China from the beginning."

Trump's Oval Office event was just the latest twist in a negotiating saga that began at the Group of 20 summit in Buenos Aires last year. Over a steak dinner with Xi, Trump agreed to delay a planned Jan. 1 tariff increase while the two sides sprinted for a deal in 90 days.

That effort ultimately produced multiple negotiating rounds and tariff delays while the president touted prospects for an “epic” agreement. Talks collapsed in May with the administration blaming the Chinese for renegeing on a nearly finished document.

After Trump and Xi met this summer at another summit, in Osaka, Japan, hopes for progress were temporarily raised, but they cratered quickly after the U.S. president later grew infuriated by what he saw as China’s failure to implement promised purchase of farm goods. In August, Trump abruptly set in motion plans to tax virtually every Chinese product that enters the United States.

The protracted U.S.-China trade dispute has unnerved investors, disrupted global supply chains and featured the most aggressive use of tariffs by an American president since the 1930s. Trump says his “America First” policy is designed to benefit workers who have suffered from decades of globalization and prevent China from supplanting the United States as the world’s top technology power.

Friday’s announcement leaves the toughest U.S.-China issues for future negotiations, including Trump’s demands for far-reaching structural changes in the state-directed Chinese economy. Robert E. Lighthizer, the president’s chief trade negotiator, wants China to stop forcing U.S. companies to transfer technology to Chinese companies to gain access to the Chinese market. Chinese officials deny doing that and are also resisting U.S. demands to curb subsidies for state enterprises that compete with American companies.

Trump also has yet to announce whether he will extend a license allowing Chinese telecommunications company Huawei to continue buying American parts when it expires Nov. 18.

[Huawei helped bring Internet to small-town America. Now its equipment has to go](#)

Trump has vowed to close the persistent U.S. deficit in its trade with China. Yet the United States continues to import far more from China than it sells to Chinese customers, with last year's gap totaling \$419 billion, or 21 percent larger than before Trump took office.

The first steps include an increase in Chinese agricultural purchases, good news for American farmers who have lost billions of dollars in sales during the trade war. China recently began stepping up orders of U.S. farm products as a deal neared. But exports of U.S. soybeans to China fell from \$12.2 billion in 2018 to just \$3.1 billion last year, according to the U.S. Census Bureau.

Trump said the phase one deal would be “tremendous” for farmers. “They’re going to have to buy more land fast and lots of tractors,” he told reporters.

Rachel Siegel contributed to this report.