Chapter 22

China Engages U.S. to Deescalate Trade War

BEIJING (MNI)—Chinese trade officials have quietly approached their U.S. counterparts seeking ways to minimize punitive tariffs on Chinese exports and avoid a full-blown trade war, MNI learned from a source with knowledge of the matter.

The source close to the Chinese government, whose name is withheld due to the sensitivity of the matter, said both China and the U.S. are making last-minute effort to avert the tariffs' implementations. Each side has said to levy 25% on USD50 billion list of goods on the other starting from July 6. Talks are still preliminary, the source said.

Other trade advisors and researchers for the Chinese government told MNI that both China and the U.S. are under pressure to reach a compromise, a mutual agreement is expected to end the trade row though most of them said it may come in months.

The trade spat may cease within a year, said Yu Miaojie, a veteran trade expert who advises Chinese government departments such as the Ministry of Commerce, Ministry of Finance and the State Council's Counsellors' Office.

The Donald Trump administration will face much pressure from its hardcore supporters as they will suffer the most due to China's main targets on U.S. agricultural and automobile goods, Yu told MNI.

The turning point would come around the American mid-term election in November, said Wang Haifeng, an advisor for China's powerful economic planner the National Development and Reform Commission (NDRC).

Several trade advisors told MNI the current stage is not a trade war yet, thus any negotiations aiming to stop tariff action between the two countries are critical.

"Trade war starts when the tariffs are actually implemented," Liu Hong, a director with China Association of International Trade, a think tank of the Ministry of Commerce, told MNI.

If both sides go back to the negotiation table, problems are likely to be solved, Liu added.

Source: MNI (<https://www.marketnews.com>), By Iris Ouyang, 2018-06-22.