

Historic U.S.-China Agreement Being Negotiated

by William Jones

Feb.3—Last week, an anxious world saw a light at the end of the tunnel with the conclusion of the latest round of trade talks between the United States and China, and the meeting of the U.S. President with the Chinese delegation. At that meeting it was crystal clear that the President really *wants* an end to the trade conflict and would like to establish a good working relationship between the two countries. Trump wants to put the U.S. economy on its feet again.

By contrast, the Democratic leaders in the Congress, House Speaker Nancy Pelosi and Senate Minority Leader Chuck Schumer, together with the neocons, want to put the brakes on China's startling economic development which has brought 800 million people out of poverty.

Comments by President Trump, in the Oval Office meeting, indicate his real desire to achieve an agreement as well as his great respect for the Chinese leader, Xi Jinping, who is being portrayed by the U.S. media as a power-hungry dictator:

The relationship is very, very good between China and the United States. And the personal relationships are very good, with the Vice Premier, with myself and President Xi, and with our representatives. It's been very, very good. And, you know, you read a lot of things. Sometimes you hear good, sometimes you don't hear good. But I will say that I think that the relationship that we have right now with China has never been so advanced. I don't think it's ever been



White House/Shealah Craighead

President Trump greets China's Vice-Premier Liu He in the Oval Office, after two days of trade talks on January 31, 2019.

better. But I can you tell you for a fact, it's never been so advanced.

Trump also highly praised Chinese Vice Premier Liu He, who was leading the delegation:

I just want to say the Vice Premier is a friend of mine. He has become—he is truly one of the most respected men in Asia, one of the most respected men in all of China, and, frankly, one of the most respected men anywhere in the world. And it's a great honor to have you with us.

Liu He was carrying a letter from President Xi to President Trump, which Trump characterized as “a beautiful letter,” and requested that it be read for all present at the meeting to hear. In the letter, President Xi wrote:

As I often say, I feel we have known each other for a long time, ever since we first met. I cherish the good working relations and personal friendship with you. I enjoy our meetings and phone calls in which we could talk about anything. It falls to us to work together and accomplish things meaningful for the people of our two countries and the world at large.

Trade Talks Making Progress

President Xi also expressed the hope that the talks would result in progress in resolving the present crisis.

And they certainly did. China came prepared with a number of far-reaching proposals that were music to the ears of America's farmers—and the U.S. President—by committing to purchase five million tons of soybeans from the United States. "That's going to make our farmers very happy," Trump said. "That's a lot of soybeans. That's really nice." China made other purchase agreements in the meeting that will go a long way in helping to alleviate the trade balance problem.

But the issue of trade has always been something of a red herring. China is quite willing to buy much more from the United States, but it has come a long way from being a low-wage producer for the world market, having transformed itself into a major producer of high-value products. It is in the area of high-tech that China has the greatest need today rather than soybeans or even Boeing airplanes, of which they have purchased many. But the tough restrictions that the U.S. Congress has placed on China's purchasing of such products—and those restrictions are becoming more stringent, not less—keep them out of reach for Chinese customers.

The trade talks went on for a day and a half, with the first day concentrating, it seems, on the trade issue per se. The second day dealt with the more difficult issue of



CC/Jeremy Elson

Boeing's aircraft factory in Everett, Washington. China has purchased many Boeing airplanes in the past.

China's alleged, forcing of technology transfers, restrictions and bureaucratic hurdles facing foreign investors, and the very mechanism of China's industrial policy, as well as the role of State-owned enterprises in the Chinese economy.

President Xi has already committed the country to continue the opening up policy initiated by Deng Xiaoping 40 years ago, and many of the restrictions to foreign investment that continue to exist in China are being reduced in tandem with an increased opening of the Chinese economy. This is a policy which President Xi deems necessary for China's continued development. Some of these measures, including legislation on new investment regulations which would make it easier for foreign firms to set up businesses in China, are being fast-tracked, and could be ready by the time of the next National People's Congress in March. And many other items will no doubt be agreed to in an attempt to resolve the conflict with the United States.

But Some Want to Sabotage

Some on the U.S. side have talked about putting a lid on China's technological advances in order to maintain U.S. leadership, i.e., hegemony, in the field



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Rep. Nancy Pelosi (left) and Senator Chuck Schumer, to her left.

of high-tech. But China will not dismantle a system which has been instrumental in modernizing their country. While State-owned enterprises will be reformed in order to make them more effective and profitable, and more space will be allotted to private industry in the Chinese economy, China will not dismantle these companies that have served the economy so well. Massive privatization and “shock therapy” reforms are definitely not on the agenda. Nor will they cease attempting to reach new frontiers in their technological development, which is the right of all nations interested in their own future well-being.

While President Trump has given some hardline China-bashers like Peter Navarro a “seat at the table” in the trade negotiations, dismantling Chinese industrial policy is not on Trump’s agenda. Will a compromise be achieved that both sides can live with? That remains to be seen. But even the crusty trade hawk, U.S. Trade Representative Robert Lighthizer, when asked by the President to

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give his opinion at the White House meeting, had to admit that progress had been made in the talks, while at the same time curtly mumbling something about the need for “enforcement, enforcement, enforcement,” an issue that even Vice Premier Liu He agreed was important. That is, enforcement of whatever agreement is finally decided upon by the two presidents.

Trump and Xi to Meet This Month

And while negotiations will continue through the month of February, the decision will now shift into the court of the two presidents, to be finally resolved at their next summit meeting later this month. While much can happen in the interim to sabotage the progress being made, such as the campaign of the Justice Department against the Chinese telecommunications giant, Huawei and Huawei’s Vice President Meng Wanzhou, the desire of the two presidents to establish a good working relationship between our two nations is the critical element in extracting the world from the present crisis mode.

Not surprisingly, the same government institutions that are most adamantly attacking China and its leader, namely the Department of Justice and the Democratic leadership in the U.S. Congress, not to mention George Soros, are the same ones attacking the U.S. President. And a successful trade agreement between the United States and China would help throw a monkey-wrench into both these operations and would be the ideal win-win situation that both presidents desire.



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Peter Navarro