



American Bridge

Trump Policy Brief: May 2017 U.S.- China Trade Deal

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MAY 2017 U.S. CHINA TRADE DEAL

The Trump administration and the Chinese government negotiated a 10-part trade deal based largely on mandates and agreements previously settled under the Obama administration. Though Commerce Secretary Wilbur Ross touted the agreement's potential effect on the trade deficit between the two nations, economists found that the deal's overall impact would be minimal.

Critics noticed that the deal did not address the impact of Chinese exports on the steel, aluminum, or automotive industries. Ross himself admitted that it only addressed 10 of the "maybe more than 500" issues the U.S. government had related to its trade with China. Some saw the deal as an optics maneuver benefitting President Trump – a view supported in a statement by the Chinese deputy commerce minister that the agreement "changed" expectations of a trade war between the two countries.

The agreement set a July 2017 deadline for China to resume imports of U.S. beef, after the related ban had been conditionally lifted under the Obama administration. In return, the U.S. began the process of approving imports of Chinese cooked poultry, despite persisting health concerns regarding salmonella and bird flu.

The deal was set to allow China to negotiate long-term deals with U.S. liquefied natural gas (LNG) exporters, which could lead to a spike in domestic gas prices. The economic benefits of increased LNG export allowances were expected to be small, due to a lack of infrastructure on U.S. coastlines for overseas gas shipments.

Under the agreement, China was expected to allow U.S. credit card companies and credit-rating agencies to begin operating in China after the Obama administration won a World Trade Organization (WTO) case against the country mandating that its credit card sector be opened. In return, the U.S. agreed to give Chinese banks access to the U.S. market if they "comply with the normal rules."

The Trump administration also announced that it would send representatives to a forum in Beijing to discuss China's "One Belt, One Road" initiative. The efforts were seen as a way for China to establish the upper hand regarding Asian trade development.

The Trump Administration Agreed To A Paltry Trade Deal With China Addressing Many Issues Previously Settled By The Obama Administration

THE AGREEMENT WOULD SET A SPECIFIC DEADLINE FOR U.S. BEEF EXPORTS TO CHINA

President Trump Tweeted That China Agreed To Allow U.S. Beef And "Other Major Products" To Be Sold In The Country. According to a Tweet by President Donald J. Trump, "China just agreed that the U.S. will be allowed to sell beef, and other major products, into China once again. This is REAL news!" [Donald J. Trump – Twitter, [5/12/17](#)]

China Agreed To Allow Imports Of Beef From The U.S. Under Certain Conditions By July 16, 2017. According to The Washington Post, "The Trump administration has reached new deals with China to ease market access for a variety of industries, including beef and financial services, as the White House makes progress on trying to soften economic barriers between the two sides. [...] The new arrangements include an agreement from China to allow imports of U.S. beef, on certain conditions, by July 16. The United States has

pressured China for years to allow beef imports, but the process has been constantly delayed.” [Washington Post, [5/12/17](#)]

The Deal Set A Deadline For China To Fulfill Its Promise To Allow American Beef Imports.

According to The New York Times, “The United States has reached a set of trade deals with China covering areas like electronic payment services, beef and poultry, compromising on some Obama administration stances but leaving untouched bigger issues that could still complicate relations between the two major trading partners. [...] Under the newly announced deals, China set a deadline for fulfilling its promises to allow American beef and said it would speed up consideration of pending American applications to offer bioengineered seeds in China.” [New York Times, [5/11/17](#)]

Economists Predicted That Beef Exports Would Not Significantly Impact The U.S.-China Trade Deficit

According To Capital Economics Economist Julian Evans-Pritchard, Exports Of Beef And Natural Gas To China Were Unlikely To Significantly Shift The U.S.-China Trade Deficit. According to CNNMoney, “The deal the U.S. and China just struck on agricultural trade, financial services, investment and energy is evidence of President Trump's increasing willingness to negotiate with Beijing. [...] ‘It's another encouraging sign that Trump's willing to cooperate with China rather than adopt the confrontational and protectionist stance he threatened during the election,’ said Julian Evans-Pritchard, an economist at Capital Economics, about Thursday's agreement. [...] Exports of beef and gas were unlikely to shift the balance of trade in a big way, Evans-Pritchard said.” [CNNMoney, [5/12/17](#)]

Beef Exports Were Estimated To Reduce The U.S.-Chinese Trade Deficit By \$3.5 Billion At Most.

According to CNNMoney, “Exports of beef and gas were unlikely to shift the balance of trade in a big way, Evans-Pritchard said. ‘It's quite a narrow deal. It's not going to have a meaningful impact on the trade deficit that the U.S. has with China.’ Based on data from Japan, the world's biggest importer of U.S. beef, Evans-Pritchard estimated that the beef element of the deal could reduce the deficit by \$3.5 billion at most.” [CNNMoney, [5/12/17](#)]

According To The U.S. Meat Export Federation, Total Global Beef Exports From The U.S. Totaled \$6.6 Billion In 2016. According to the Associated Press, “Total global beef exports from the U.S. totaled \$6.6 billion in 2016, according to the U.S. Meat Export Federation.” [Associated Press, [5/12/17](#)]

- **The U.S.-China Trade Deficit Totaled \$310 Billion In 2016.** According to the Associated Press, “America's trade deficit in goods and services with China totaled \$310 billion last year, by far the largest imbalance with any country. The deficit with China represented about 60 percent of last year's total deficit of \$500.6 billion.” [Associated Press, [5/12/17](#)]

China's Ban On U.S. Beef As Already Lifted Under The Obama Administration

China Had Already Conditionally Lifted Its Import Ban On American Beef In 2016. According to CNBC, “China had conditionally lifted its longstanding import ban on American beef last year, but few purchases have been made. The ban was imposed in 2003 due to a case of bovine spongiform encephalopathy (BSE), or mad cow disease, in Washington state.” [CNBC, [5/11/17](#)]

During The Obama Administration, Chinese And U.S. Trade Officials Agreed That China Would Resume Accepting American Beef Exports. According to The New York Times, “Many of these deals actually consisted of adding new deadlines or details to agreements reached during the Obama administration. Trade officials in both countries had previously agreed that China would resume accepting American beef

exports, which China has limited for more than a decade over worries about mad cow disease, but this week's beef pact set a deadline of July 16." [New York Times, [5/11/17](#)]

Since The Ban Was Lifted Only A "Few" Purchases Of U.S. Beef Had Been Made From China

According To CNBC, "Few" Beef Purchases Had Been Made Since China Lifted The Ban.

According to CNBC, "China had conditionally lifted its longstanding import ban on American beef last year, but few purchases have been made. The ban was imposed in 2003 due to a case of bovine spongiform encephalopathy (BSE), or mad cow disease, in Washington state." [CNBC, [5/11/17](#)]

THE TRUMP ADMINISTRATION AGREED TO LET CHINA EXPORT COOKED POULTRY TO THE U.S., DESPITE HEALTH CONCERNS

The Trump Administration Agreed To Let China Export Cooked Poultry To The U.S. According to The Washington Post, "Similarly, Washington has agreed to advance a new rule that would allow China to export cooked poultry to the United States. The impact of this change on the U.S. poultry industry is uncertain, but Ross said it would not be severe." [Washington Post, [5/12/17](#)]

The Obama Administration Refused To Allow The Chinese Cooked Poultry Imports Due To Safety And Health Concerns

The Obama Administration's Agriculture Department Refused To Allow Imports Of Chinese Poultry Due To Safety Concerns Regarding Hygiene And The Chemicals Fed To The Chickens.

According to The New York Times, "Other deals were a shift from the positions of the Obama administration. It had long refused to allow imports of Chinese poultry, as the Agriculture Department had broad safety concerns about it, including the chemicals the animals are fed and the hygiene at farms and slaughterhouses." [New York Times, [5/11/17](#)]

- **According To The New York Times, Salmonella And Bird Flue Were "Widespread Problems In China."** According to The New York Times, "Other deals were a shift from the positions of the Obama administration. It had long refused to allow imports of Chinese poultry, as the Agriculture Department had broad safety concerns about it, including the chemicals the animals are fed and the hygiene at farms and slaughterhouses. Salmonella and bird flu are also widespread problems in China, although the germs that cause them should be killed if poultry is properly cooked." [New York Times, [5/11/17](#)]

The Trump Administration Claimed That The Import Of Chinese Cooked Poultry Would Only Commence After The Resolution Of "Outstanding Issues," Including Safety And Hygiene Concerns

Sale Of Chinese Cooked Poultry In The U.S. Was Contingent On The Resolution Of "Outstanding Issues" Regarding Safety And Hygiene. According to the Associated Press, "The decision to lift by no later than July 16 a ban on imported American beef imposed in 2003 over mad cow disease concerns is good news for Chinese consumers, said Peking University professor Yu Miaojie. [...] In turn, China will be able to send cooked poultry to the U.S. once the two sides resolve 'outstanding issues' — mostly related to concerns over safety and hygiene." [Associated Press, [5/12/17](#)]

Commerce Secretary Wilbur Ross Claimed That The Impact Of Chinese Cooked Poultry Imports Would Not Be Severe

Ross Claimed That The Impact Of Cooked Poultry Imports Into The U.S. Would Not Be Severe. According to The Washington Post, "Similarly, Washington has agreed to advance a new rule that would

allow China to export cooked poultry to the United States. The impact of this change on the U.S. poultry industry is uncertain, but Ross said it would not be severe.” [Washington Post, [5/12/17](#)]

THE AGREEMENT WOULD ALLOW CHINA TO IMPORT AMERICAN NATURAL GAS, DESPITE LIMITED ECONOMIC BENEFIT TO THE AMERICAN ECONOMY

China Would Be Allowed To Negotiate Long-Term Contracts With American Natural Gas Exporters

The Agreement Was Expected To Allow U.S. Firms To Export Liquid Natural Gas To China.

According to The Washington Post, “The Trump administration has reached new deals with China to ease market access for a variety of industries, including beef and financial services, as the White House makes progress on trying to soften economic barriers between the two sides. [...] And there were numerous other parts of the preliminary agreement. This included language that appears to pave the way for U.S. firms to export liquid natural gas to China, the expediting of Chinese safety reviews for U.S. biotechnology applications, and cooperation between Chinese and U.S. regulators over financial transactions.” [Washington Post, [5/12/17](#)]

According To Ross, The Agreement Would Allow China To Negotiate Long-Term Contracts With U.S. Suppliers Of Liquefied Natural Gas. According to CNBC, “The United States and China will expand trade in beef and chicken and increase access for financial firms, as part of a plan to reduce the massive U.S. trade deficit with Beijing, U.S. Commerce Secretary Wilbur Ross said on Thursday. [...] The United States also signalled that it was eager to export more liquefied natural gas (LNG), saying China could negotiate any type of contract, including long-term contracts, with U.S. suppliers.” [CNBC, [5/11/17](#)]

The Trump Administration Said It Would Not Restrict U.S. Exports Of Liquefied Natural Gas To China, Except To Include Those Exports In The Overall Daily Cap On American Gas Exports.

According to The New York Times, “In another American concession, the Trump administration agreed that it would not restrict United States exports of liquefied natural gas to China, except to include them in an overall daily cap on American gas exports.” [New York Times, [5/11/17](#)]

The Trump Administration Planned To Treat China “No Less Favorably” Than Other Countries Not Engaged In Free Trade Agreements With The U.S. Regarding The Export Of Gas. According to the Associated Press, “For exports of gas, the U.S. will now treat China “no less favorably” than other countries for which it does not have a free trade agreement, according to a joint statement released by the sides. Gas exports to such countries are not allowed without U.S. Department of Energy signoff under longstanding U.S. law.” [Associated Press, [5/12/17](#)]

Exports To China Could Lead To A Spike In U.S. Natural Gas Prices

Manufacturers, Particularly In The Chemicals Industry, Worried That Lifting Restrictions On The Export Of LNG To China Would Result In Higher American Natural Gas Prices. According to The New York Times, “In another American concession, the Trump administration agreed that it would not restrict United States exports of liquefied natural gas to China, except to include them in an overall daily cap on American gas exports. Some American manufacturers, particularly in the energy-hungry chemicals industry, fear China might buy so much American natural gas that the purchases would push up American natural gas prices.” [New York Times, [5/11/17](#)]

The Exports Were Unlikely To Significantly Impact The U.S.-China Trade Deficit Or The American Economy

According To Capital Economics Economist Julian Evans-Pritchard, Exports Of Beef And Natural Gas To China Were Unlikely To Significantly Shift The U.S.-China Trade Deficit. According to CNNMoney, “The deal the U.S. and China just struck on agricultural trade, financial services, investment and energy is evidence of President Trump's increasing willingness to negotiate with Beijing. [...] ‘It's another encouraging sign that Trump's willing to cooperate with China rather than adopt the confrontational and protectionist stance he threatened during the election,’ said Julian Evans-Pritchard, an economist at Capital Economics, about Thursday's agreement. [...] Exports of beef and gas were unlikely to shift the balance of trade in a big way, Evans-Pritchard said.” [CNNMoney, [5/12/17](#)]

A Lack Of Overseas Gas Shipment Infrastructure On U.S. Coastlines Would Limit The Economic Benefit Of Gas Exports To China

According To The Associated Press, There Was Little Infrastructure Along U.S. Coastlines To Allow For Overseas Gas Shipments. According to the Associated Press, “For exports of gas, the U.S. will now treat China "no less favorably" than other countries for which is does not have a free trade agreement, according to a joint statement released by the sides. Gas exports to such countries are not allowed without U.S. Department of Energy signoff under longstanding U.S. law. Approval still would be needed for China and there's currently little infrastructure along U.S. coastlines to allow for overseas gas shipments.” [Associated Press, [5/12/17](#)]

According To U.S.-China Trade Council Vice President Jake Parker, The Lack Of U.S. Coastline Infrastructure For Overseas Gas Shipments Would Limit The Economic Benefit Of Exporting Gas To China. According to the Associated Press, “For exports of gas, the U.S. will now treat China "no less favorably" than other countries for which is does not have a free trade agreement, according to a joint statement released by the sides. Gas exports to such countries are not allowed without U.S. Department of Energy signoff under longstanding U.S. law. Approval still would be needed for China and there's currently little infrastructure along U.S. coastlines to allow for overseas gas shipments. As a result, economic benefits to U.S. energy companies would not immediately materialize, said Jake Parker, vice president of the U.S.-China Trade Council.” [Associated Press, [5/12/17](#)]

THE DEAL WAS VAGUE ON EXPEDITED SAFETY REVIEWS FOR THE EXPORT OF U.S. BIOENGINEERED SEEDS TO CHINA

The Agreement Was Expected To Expedite Chinese Safety Reviews For U.S. Biotechnology Applications. According to The Washington Post, “The Trump administration has reached new deals with China to ease market access for a variety of industries, including beef and financial services, as the White House makes progress on trying to soften economic barriers between the two sides. [...] And there were numerous other parts of the preliminary agreement. This included language that appears to pave the way for U.S. firms to export liquid natural gas to China, the expediting of Chinese safety reviews for U.S. biotechnology applications, and cooperation between Chinese and U.S. regulators over financial transactions.” [Washington Post, [5/12/17](#)]

The Deal Would Expedite Consideration Of Pending American Applications To Export Bioengineered Seeds To China. According to The New York Times, “Under the newly announced deals, China set a deadline for fulfilling its promises to allow American beef and said it would speed up consideration of pending American applications to offer bioengineered seeds in China.” [New York Times, [5/11/17](#)]

The Trump Administration Was Unable To Negotiate A Specific Deadline For Application Approval

The Trump Administration Was Not Able To Negotiate A Deadline For China To Approve Certain Bioengineered American Seeds, Which Would Produce Hardier And More Productive Crops.

According to The New York Times, “Under the newly announced deals, China set a deadline for fulfilling its promises to allow American beef and said it would speed up consideration of pending American applications to offer bioengineered seeds in China. [...] Mr. Ross and his negotiators were not able to obtain a deadline for when China would issue approvals for eight kinds of American seeds that have been bioengineered to produce hardier and more productive crops.” [New York Times, [5/11/17](#)]

THE DEAL ADDRESSED FINANCIAL COOPERATION BETWEEN U.S. AND CHINESE ENTITIES, SOME OF WHICH WAS ALREADY MANDATED BY WTO RULING

The Agreement Was Expected To Facilitate Cooperation Between Chinese And U.S. Regulators Over Financial Transactions. According to The Washington Post, “The Trump administration has reached new deals with China to ease market access for a variety of industries, including beef and financial services, as the White House makes progress on trying to soften economic barriers between the two sides. [...] And there were numerous other parts of the preliminary agreement. This included language that appears to pave the way for U.S. firms to export liquid natural gas to China, the expediting of Chinese safety reviews for U.S. biotechnology applications, and cooperation between Chinese and U.S. regulators over financial transactions.” [Washington Post, [5/12/17](#)]

The Deal Would Allow Chinese Banks To Enter The U.S. Market As Long As They “Can Comply With The Normal Rules”

The Deal Allowed Chinese Banks To Enter The U.S. Market. According to the BBC, “The US and China have reached a 10-point trade deal that opens the Chinese market to US credit rating agencies and credit card companies. Under the deal, China will also lift its ban on US beef imports and accept US shipments of liquefied natural gas. In return, Chinese cooked chicken will be allowed into the US market and Chinese banks can enter the US market.” [BBC, [5/12/17](#)]

- **Ross Said The U.S. Agreed To Treat Chinese Financial Institutions The Same As Other Foreign Banks Who Wished To Open Up Activities In The U.S.** According to the BBC, “The US and China have reached a 10-point trade deal that opens the Chinese market to US credit rating agencies and credit card companies. [...] In return, Chinese cooked chicken will be allowed into the US market and Chinese banks can enter the US market. [...] Mr Ross told CNBC that the US had agreed to treat Chinese financial institutions in the same way as other foreign banks that wanted to open up activities in the US.” [BBC, [5/12/17](#)]
- **Ross Said That As Long As Chinese Banks “Can Comply With The Normal Rules,” They Would Get Access To The U.S. Market.** According to the BBC, “In return, Chinese cooked chicken will be allowed into the US market and Chinese banks can enter the US market. [...] Mr Ross told CNBC that the US had agreed to treat Chinese financial institutions in the same way as other foreign banks that wanted to open up activities in the US. ‘Clearly China, whose banks are among the largest in the whole world, wants access to the US banking market,’ he said. ‘As long as they can comply with the normal rules, they will get access.’” [BBC, [5/12/17](#)]

China Was Expected To Issue Licenses Allowing Two “Qualified U.S. Financial Institutions” To Underwrite Bonds

The Agreement Would Direct China To Issue Bond Underwriting And Settlement Licenses To “Two Qualified U.S. Financial Institutions” By July 17. According to The Washington Post, “The Trump administration has reached new deals with China to ease market access for a variety of industries, including beef and financial services, as the White House makes progress on trying to soften economic barriers between the two sides. [...] Other parts of the arrangement would direct China to issue bond underwriting and settlement licenses to ‘two qualified U.S. financial institutions’ by July 17, a date that is significant because it comes 100 days after Trump and Xi met in Florida.” [Washington Post, [5/12/17](#)]

China Was Expected To Issue Licenses To Two American Financial Institutions To Underwrite Bonds. According to The New York Times, “Under the newly announced deals, China set a deadline for fulfilling its promises to allow American beef and said it would speed up consideration of pending American applications to offer bioengineered seeds in China. It will also allow foreign-owned firms to provide credit-rating services in China, publish guidelines to let American firms offer electronic payment services there, and issue licenses to two American financial institutions to underwrite bonds.” [New York Times, [5/11/17](#)]

The Deal Claimed To Open Up The Chinese Market To U.S. Credit Card Companies, Though A 2012 WTO Ruling Already Mandated That Beijing Open Its Credit Card Sector

The Trade Deal Opened The Chinese Market Up To U.S. Credit Rating Agencies And Credit Card Companies. According to the BBC, “The US and China have reached a 10-point trade deal that opens the Chinese market to US credit rating agencies and credit card companies.” [BBC, [5/12/17](#)]

As Part Of The Agreement, China Was Expected To Allow U.S.-Owned Card Payment Services And Foreign-Owned Credit Rating Services To Operate In China. According to CNBC, “The United States and China will expand trade in beef and chicken and increase access for financial firms, as part of a plan to reduce the massive U.S. trade deficit with Beijing, U.S. Commerce Secretary Wilbur Ross said on Thursday. [...] Beijing will also allow U.S.-owned card payment services to begin the licensing process in a sector where China's UnionPay system has had a near monopoly. Foreign-owned firms in China will also be able to provide credit rating services.” [CNBC, [5/11/17](#)]

- **China’s UnionPay System Had Previously Monopolized The Card Payment Sector.** According to CNBC, “Beijing will also allow U.S.-owned card payment services to begin the licensing process in a sector where China’s UnionPay system has had a near monopoly. Foreign-owned firms in China will also be able to provide credit rating services.” [CNBC, [5/11/17](#)]

Under The Agreement, China Was Expected To Publish Guidelines Letting American Firms Offer Electronic Payment Services. According to The New York Times, “Under the newly announced deals, China set a deadline for fulfilling its promises to allow American beef and said it would speed up consideration of pending American applications to offer bioengineered seeds in China. It will also allow foreign-owned firms to provide credit-rating services in China, publish guidelines to let American firms offer electronic payment services there, and issue licenses to two American financial institutions to underwrite bonds.” [New York Times, [5/11/17](#)]

The Obama Administration Won A WTO Case Against China In 2012, Which Mandated That The Country Open Up Its Credit Card Sector

During The Obama Administration, The U.S. Won A WTO Case Against China Over Payment Processing. According to The New York Times, “The Obama administration had said China should allow foreign electronic payment services without issuing further guidelines. The United States had already fought and won a World Trade Organization case against China over payment processing.” [New York Times, [5/11/17](#)]

The WTO Had Already Mandated That Beijing Open Its Credit Card Sector In 2012. According to CNBC, “U.S. credit card operators Visa Inc. and MasterCard Inc. have yet to be independently licensed to clear transactions in China, despite a 2012 WTO ruling mandating that Beijing open the sector.” [CNBC, [5/11/17](#)]

- **As Of May 2017, Visa And MasterCard Had Yet To Be Independently Licensed To Conduct Transactions In China.** According to CNBC, “U.S. credit card operators Visa Inc. and MasterCard Inc. have yet to be independently licensed to clear transactions in China, despite a 2012 WTO ruling mandating that Beijing open the sector.” [CNBC, [5/11/17](#)]

The Obama Administration Held That China Should Have Allowed Foreign Electronic Payment Services Without Issuing Additional Guidelines. According to The New York Times, “On electronic payment services, which have become a popular alternative to cash in China, both sides appeared to make compromises. The Chinese side set a date, July 16, for permitting foreign providers of these services but would issue further guidelines for how they could be offered. The Obama administration had said China should allow foreign electronic payment services without issuing further guidelines.” [New York Times, [5/11/17](#)]

The Deal Would Also Allow U.S. Credit Rating Agencies To Operate In China

The Trade Deal Opened The Chinese Market Up To U.S. Credit Rating Agencies. According to the BBC, “The US and China have reached a 10-point trade deal that opens the Chinese market to US credit rating agencies and credit card companies.” [BBC, [5/12/17](#)]

As Part Of The Agreement, China Was Expected To Allow U.S.-Owned Card Payment Services And Foreign-Owned Credit Rating Services To Operate In China. According to CNBC, “The United States and China will expand trade in beef and chicken and increase access for financial firms, as part of a plan to reduce the massive U.S. trade deficit with Beijing, U.S. Commerce Secretary Wilbur Ross said on Thursday. [...] Beijing will also allow U.S.-owned card payment services to begin the licensing process in a sector where China's UnionPay system has had a near monopoly. Foreign-owned firms in China will also be able to provide credit rating services.” [CNBC, [5/11/17](#)]

THE TRUMP ADMINISTRATION PLANNED TO SEND REPRESENTATIVES TO A FORUM DISCUSSING CHINA’S “ONE BELT, ONE ROAD” INITIATIVE

The Trump Administration Agreed To Send Officials To A Forum In Beijing On Chinese President Xi Jinping’s “One Belt, One Road” Initiative To Strengthen China’s Ties Across Asia, The Mideast, Eastern Europe, And East Africa. According to The New York Times, “The United States has reached a set of trade deals with China covering areas like electronic payment services, beef and poultry, compromising on some Obama administration stances but leaving untouched bigger issues that could still complicate relations between the two major trading partners. The disclosure of the deals on Thursday evening — which included an announcement that the United States would be represented at a forum in Beijing devoted to President Xi Jinping’s ambitious ‘One Belt, One Road’ international investment initiative — suggests that the Trump administration is trying to smooth relations with Beijing despite President Trump’s harsh anti-China language on the campaign trail. The United States, in turn, said that Matthew Pottinger, a National Security Council official who plays a central role in White House policy making on Asia, would travel to Beijing with one or more Commerce Department officials for the forum this weekend. Sending a delegation recognizes the importance of Mr. Xi’s signature foreign policy to build China’s economic, financial and political ties across Asia, the Mideast, Eastern Europe and East Africa.” [New York Times, [5/11/17](#)]

- **Under The Plan, China Would Invest In Ports, Railways, And Road To Expand Trade In Asia, Africa, And Europe.** According to the Associated Press, “The last item of 10 listed in a joint statement says a U.S. delegation will attend an international gathering in Beijing, beginning Sunday, that will showcase a plan by President Xi Jinping to invest in vast networks of ports, railways and roads in a bid to expand China's trade with Asia, Africa and Europe.” [Associated Press, [5/12/17](#)]

THE “ONE BELT, ONE ROAD” EFFORTS WERE EXPECTED TO BENEFIT CHINA AT THE EXPENSE OF THE U.S.

China’s “One Belt, One Road” Investments Were Expected To Take Advantage Of The Trump Administration’s Shift Away From Asian Trade. According to Business Insider, “U.S. President-elect Donald Trump has made it clear that he’s no friend of Asia. But ironically, in some ways President Trump could be a big boost for China. [...] America’s retreat will allow for China’s strategic dominance[.] In Asia – and elsewhere – the inward shift of Trump’s America will have implications beyond trade. It also means that China’s efforts to deepen its political and economic influence throughout the world will be made all the easier. For example, China has long been a major investor in Africa. Through its “One Belt, One Road” efforts to create a modern-day Silk Road via investment in a massive infrastructure and transportation network from Beijing to Rotterdam, China is becoming a major investor – with strings attached – through Asia and beyond.” [Business Insider, [1/22/17](#)]

The Agreement Didn’t Address The Impact Of Chinese Exports On The U.S. Steel, Aluminum, Or Auto Markets

The May 2017 U.S.-China Trade Deal Did Not The Impact Of Chinese Exports On The U.S. Markets For Steel, Aluminum, Or Auto Parts. According to The New York Times, “The United States has reached a set of trade deals with China covering areas like electronic payment services, beef and poultry, compromising on some Obama administration stances but leaving untouched bigger issues that could still complicate relations between the two major trading partners. [...] The trade agreements did not address areas such as steel, aluminum or auto parts — areas where Chinese exports have a deep, industrywide impact.” [New York Times, [5/11/17](#)]

The Deal Was Seen As An Optics Maneuver To “Maximize The Political Benefit” To President Trump

Gavekal Dragonomics Managing Director Arthur Kroeber Said China Made “A Few Modest Concessions” In The Agreement To “Maximize The Political Benefit To Trump.” According to The Washington Post, “The Trump administration has reached new deals with China to ease market access for a variety of industries, including beef and financial services, as the White House makes progress on trying to soften economic barriers between the two sides. [...] ‘China has made a few modest concessions that cost it very little, in areas strategically picked to maximize the political benefit to Trump,’ said Arthur Kroeber, managing director of Gavekal Dragonomics, an economic research firm in Beijing. ‘But the substantive impact on US-China trade and investment flows is pretty minimal.’” [Washington Post, [5/12/17](#)]

Chinese Deputy Commerce Minister Yu Jianhua Said The Deal “Changed” Expectations Of A Trade War Between China And The U.S. According to The New York Times, “The United States has reached a set of trade deals with China covering areas like electronic payment services, beef and poultry, compromising on some Obama administration stances but leaving untouched bigger issues that could still complicate relations between the two major trading partners. [...] Yu Jianhua, China’s deputy commerce

minister, said the trade deals ‘have changed others’ anticipation on a potential trade war between China and the United States.’” [New York Times, [5/11/17](#)]

The Deal Was Not Expected To Have A Substantive Impact On The U.S.-China Trade Deficit

According To Kroeber, The “Substantive Impact On US-China Trade And Investment Flows” As A Result Of The Agreement Would Be “Pretty Minimal.” According to The Washington Post, “‘China has made a few modest concessions that cost it very little, in areas strategically picked to maximize the political benefit to Trump,’ said Arthur Kroeber, managing director of Gavekal Dragonomics, an economic research firm in Beijing. ‘But the substantive impact on US-China trade and investment flows is pretty minimal.’” [Washington Post, [5/12/17](#)]

Commerce Secretary Wilbur Ross Said That The Agreement Only Address 10 Of The “Maybe More Than 500” Trade Items The Trump Administration Could “Discuss” With China. According to The Washington Post, “The Trump administration has reached new deals with China to ease market access for a variety of industries, including beef and financial services, as the White House makes progress on trying to soften economic barriers between the two sides. The 10-part agreement, announced by Secretary of Commerce Wilbur Ross, comes as part of an ongoing negotiation between the two countries following a meeting between President Trump and Chinese President Xi Jinping last month. In Washington, Ross said this announcement covered 10 items, but was a step in the right direction. ‘As you can appreciate, this addresses 10 items,’ Ross said of the initial agreements. ‘There are probably 500 items that you could potentially discuss; maybe more than 500.’ Ross said they would continue working and then ‘see if we can reach agreement’ on other matters.” [Washington Post, [5/12/17](#)]

Chinese Vice Commerce Minister Yu Jianhua Said That The Trade Deficit Between The U.S. And China Had Been “Overestimated,” And That The Topic Was Not A Priority During The Talks That Led To The Trade Agreement. According to The Washington Post, “The Trump administration has reached new deals with China to ease market access for a variety of industries, including beef and financial services, as the White House makes progress on trying to soften economic barriers between the two sides. The 10-part agreement, announced by Secretary of Commerce Wilbur Ross, comes as part of an ongoing negotiation between the two countries following a meeting between President Trump and Chinese President Xi Jinping last month. [...] At a news conference in Beijing, China’s Vice Commerce Minister Yu Jianhua said the trade deficit between the two countries had been ‘overestimated’ and was not a priority during this round of talks.” [Washington Post, [5/12/17](#)]

According To Capital Economics Economist Julian Evans-Pritchard, Exports Of Beef And Natural Gas To China Were Unlikely To Significantly Shift The U.S.-China Trade Deficit. According to CNNMoney, “The deal the U.S. and China just struck on agricultural trade, financial services, investment and energy is evidence of President Trump's increasing willingness to negotiate with Beijing. [...] ‘It's another encouraging sign that Trump's willing to cooperate with China rather than adopt the confrontational and protectionist stance he threatened during the election,’ said Julian Evans-Pritchard, an economist at Capital Economics, about Thursday's agreement. [...] Exports of beef and gas were unlikely to shift the balance of trade in a big way, Evans-Pritchard said.” [CNNMoney, [5/12/17](#)]

According To Evans-Pritchard, The Agreement Was “Quite A Narrow Deal” That Wouldn’t Have A “Meaningful Impact On The Trade Deficit.” According to CNNMoney, “‘It's another encouraging sign that Trump's willing to cooperate with China rather than adopt the confrontational and protectionist stance he threatened during the election,’ said Julian Evans-Pritchard, an economist at Capital Economics, about Thursday's agreement. [...] Exports of beef and gas were unlikely to shift the balance of trade in a big way,

Evans-Pritchard said. 'It's quite a narrow deal. It's not going to have a meaningful impact on the trade deficit that the U.S. has with China.'" [CNMoney, [5/12/17](#)]

THE DEAL REUPPED MANY AGREEMENTS ALREADY NEGOTIATED BY THE OBAMA ADMINISTRATION

The Trade Deal Added New Deadlines Or Details To Agreements Already Reached Between The U.S. And China During The Obama Administration. According to The New York Times, "The United States has reached a set of trade deals with China covering areas like electronic payment services, beef and poultry, compromising on some Obama administration stances but leaving untouched bigger issues that could still complicate relations between the two major trading partners. [...] Many of these deals actually consisted of adding new deadlines or details to agreements reached during the Obama administration." [New York Times, [5/11/17](#)]

HSBC Business School Associate Professor Christopher Balding, The Agreement Was Comprised Of "Largely Long Standing Issues That China Was Either Legally Obligated To Address Or Had Every Reason In Its Own Incentives To Address." According to The Washington Post, "The Trump administration has reached new deals with China to ease market access for a variety of industries, including beef and financial services, as the White House makes progress on trying to soften economic barriers between the two sides. [...] Christopher Balding, an associate professor at the HSBC Business School in Shenzhen in China, said Trump had created leverage with his 'undiplomatic statements' on the campaign trail. 'However, the importance of this deals shouldn't be overstated,' he added. 'These are largely long standing issues that China was either legally obligated to address or had every reason in its own incentives to address.[]'" [Washington Post, [5/12/17](#)]

- **Balding Said That The Importance Of The Trade Deal "Shouldn't Be Overstated."** According to The Washington Post, "Christopher Balding, an associate professor at the HSBC Business School in Shenzhen in China, said Trump had created leverage with his 'undiplomatic statements' on the campaign trail. 'However, the importance of this deals shouldn't be overstated,' he added. 'These are largely long standing issues that China was either legally obligated to address or had every reason in its own incentives to address.[]'" [Washington Post, [5/12/17](#)]

ACCORDING TO THE CHINESE VICE FINANCE MINISTER, THE DEAL WAS NOT CONNECTED TO THE NORTH KOREAN NUCLEAR ISSUE

Chinese Vice Finance Minister Zhu Guangyao Said That The Trade Negotiations Were Not Connected To The North Korean Nuclear Issue. According to the BBC, "Mr Trump had threatened to label China a 'currency manipulator' and impose trade tariffs on its goods, but has since softened his position. He had also attempted to link US-China trade talks to concerns over North Korea's nuclear ambitions, urging Beijing to exert more pressure on Pyongyang. However, after the trade deal was announced, China's vice-minister of finance, Zhu Guangyao, said economic issues should not be politicised. 'On the connection between the North Korean nuclear issue and our economic '100 days' plan' negotiations, I can tell you frankly that our economy team focused all their efforts on economic issues,' he told journalists." [BBC, [5/12/17](#)]