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CHINA

Trump and Xi Plan to Meet Amid Trade Tension

Meeting is scheduled to take place at the Group of 20 leaders' summit in Buenos Aires at the end of November



Chinese President Xi Jinping and President Trump met in Beijing last November. PHOTO: ARTYOM IVANOV/TASS/ZUMA PRESS

By *Lingling Wei in Beijing and Bob Davis in Washington*

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With U.S. markets tanking and the trade battle with China intensifying, the White House decided to move ahead with plans for President Trump to meet with Chinese leader Xi Jinping at a multilateral summit in November to see if the two leaders can find a way out of the mess, according to officials in both nations.

The White House has in recent days informed Beijing that it would proceed with the summit meeting, an encounter China has been hoping could provide an opportunity for both sides to ease the escalating trade tensions. The meeting is scheduled to take place at the Group of 20 leaders' summit in Buenos Aires at the end of November.

Pushing for the meeting on the U.S. side are Treasury Secretary Steven Mnuchin and National Economic Council Director Larry Kudlow. The two men, who have worried about market reaction to the trade fight, have been trying to get negotiations on track for months, with little success. During this time, the U.S. has imposed tariffs on \$250 billion of Chinese imports, about half of what China sends to the U.S.

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The NEC and Treasury take lead roles in the planning for the G-20 meeting, rather than administration hard-liners on China, most prominently U.S. Trade Representative Robert Lighthizer. Mr. Trump has sided with Mr. Lighthizer on tariffs, even

when that has torpedoed talks with the Chinese. Carrying through on imposing more tariffs, as President Trump has threatened to do, could derail the summit plans as well.

“I believe it’s always better to talk than not to talk,” said Mr. Kudlow on CNBC on Thursday. “But, thus far their response has been unsatisfactory to our asks.”

In another nod toward easing relations, the U.S. Treasury is expected to find next week that China hasn’t acted as a currency manipulator, say government and industry officials. While the yuan has devalued by about 6.3% since the beginning of the year, Beijing has been fighting to keep the fall from being too precipitous.

Mr. Trump has dedicated a team to plan for his summit meeting with Mr. Xi, the officials said. One of the people involved in the planning is Christopher Nixon Cox, grandson of former President Nixon, whose trip to China in 1972 eventually led to diplomatic relations between the two nations. Mr. Cox, a business consultant who regularly travels to China, is expected to take a senior China role, but hasn’t yet cleared the White House vetting process.

The planning team on the Chinese side includes Liu He, Mr. Xi’s economic envoy.

Chinese and U.S. negotiators in August had sought to map out talks to pave the way for the leaders’ summit, but the recent standoff cast doubt over whether the meeting would still move ahead as originally envisioned. The Chinese leadership scotched trade talks with Washington late last month after the White House announced new tariffs on \$200 billion in Chinese products and Beijing retaliated with levies on \$60 billion in U.S. goods.

The hard-line faction in the White House, represented by Mr. Lighthizer and trade adviser Peter Navarro, has been trying to use the tariffs as leverage to get China to make fundamental changes in its industrial policies. They worry the U.S. will declare an end to the trade battle too early, eliminating pressure on Beijing.



The planned meeting between Mr. Trump and Mr. Xi is being pushed by National Economic Council Director Larry Kudlow, above, and Treasury Secretary Steven Mnuchin. PHOTO: EVAN VUCCI/ASSOCIATED PRESS

“The plan is to get Trump in a room with Xi, get a small win and declare an end to the whole thing,” said a U.S. source familiar with the negotiations, who views the talks skeptically.

U.S. business executives, on the other hand, are hoping that a summit could bring some relief from tariffs, which they say hurt their business. In particular, they want Mr. Trump to suspend plans to increase the level of tariffs on the \$200 billion in goods to 25%, from 10%, on Jan. 1, as currently planned.

Jacob Parker, vice president of China operations at the U.S.-China Business Council, which represents some 200 American companies that do business with China, said his group has “encouraged senior Chinese officials to share a detailed action plan with their counterparts in the U.S. to lay the groundwork for a successful meeting at the G-20.”

The summit planning represents an effort on both sides to keep a deepening trade dispute from torpedoing the U.S.-China relationship and further shaking global markets. On Wednesday, the U.S. stock market suffered its biggest selloff since February, partly because investors grew more worried about the U.S.-China trade conflict. Chinese shares and the yuan also tumbled on Thursday, as the U.S. selloff continued.

The bilateral ties are also deteriorating in other ways. Military talks between the two nations have halted and both sides have blamed the other for a recent close encounter between their warships in the South China Sea.

Early this week, Secretary of State Mike Pompeo exchanged testy words with China's Foreign Minister Wang Yi in Beijing, which risked complicating an anticipated summit meeting between Mr. Trump and North Korean leader Kim Jong Un. That exchange followed a major speech last week in which Vice President Mike Pence outlined a shift in U.S. strategy from engagement to confrontation with China, accusing Beijing of undermining American interests on several fronts, including meddling in U.S. elections. Beijing has vehemently denied those accusations.

The latest exchange of tariffs, which took effect on Sept. 24, is bringing China and the U.S. closer to a full-blown trade war. Mr. Trump has vowed to further ratchet up pressure on China by imposing tariffs on another \$257 billion of Chinese products, making all Chinese imports subject to such penalty taxes.

While Chinese officials have repeatedly said they wouldn't bend to pressure tactics, Beijing is leaving open the possibility of engaging in fresh negotiations with Washington. "President Xi believes there are many reasons to have a stable relationship with the U.S.," a Chinese official said.



The Yangshan Deep Water Port in Shanghai in July. PHOTO: QILAI SHEN/BLOOMBERG NEWS

Corrections & Amplifications

An earlier version of this article incorrectly spelled Steven Mnuchin's first name.

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