

Trump changes his tone on China deal after Market slide

After President Donald Trump helped send markets tanking by feeding doubts about his trade deal with China, he stepped in Wednesday to pump up optimism in a series of early-morning tweets.

The US President cited “very strong signals” overnight from Beijing, including recognition of a 90-day clock for talks — a key point that had been omitted in readouts from Beijing after Trump’s Saturday night dinner meeting with his Chinese counterpart Xi Jinping in Buenos Aires. The Chinese Ministry of Commerce also reaffirmed Beijing’s pledge to “implementing already-agreed-on specific points as quickly as possible.”

It was welcome news for the American president after Tuesday’s nearly 800-point slip on Wall Street — Trump’s favorite economic indicator.

Trump himself set off investor jitters with a series of Twitter posts Tuesday, issuing renewed threats to hike import duties if a deal isn’t reached. “I am a Tariff Man,” the President wrote.

Late Tuesday evening, he stepped in to reassure investors a deal with Beijing would happen “either now or into the future” after his top economic advisers spent the day attempting to do damage control in a series of appearances at a Wall Street Journal conference in Washington and on business news programs.

The White House has sought to portray developments with China as significant, pointing to never-before-seen participation by Xi as well as the direct engagement between the two presidents.

Trump went so far as to describe the Buenos Aires dinner as “extraordinary” and a “BIG leap forward,” in a tweet Monday. But scant details and few public commitments by China on what its commitments would be under the verbal agreement between Trump and Xi erased some market exuberance over what was brokered between the world’s two largest trading partners.

Along with confusion about whether Trump might still follow through with his

threat to hike tariffs to 25%, markets remained uncertain about when relief from Beijing's own retaliatory tariffs might be coming — particularly regarding the resumption of soybean and other agricultural imports blocked earlier this year after Trump imposed higher duties on Chinese products and auto tariffs.

Trump's top economic adviser Larry Kudlow on Tuesday publicly said Chinese Vice Premier Liu He, a key figure in the trade discussions, gave assurances that Beijing was prepared to move quickly without offering specifics.

"Immediately? He said, 'Yeah,'" Kudlow relayed to the audience at the Wall Street Journal's CEO Council annual conference in Washington.

"Immediately is a good word. What does that mean?" Kudlow said he asked He. "You mean Monday? Wednesday? And actually, I don't know the answer to that."

Treasury Secretary Steven Mnuchin also tried to sell the deal as big win for the US, if reached, reassuring investors at the same Wall Street Journal event that Trump and Xi had agreed on "very, very specific issues" that touched on top American concerns related to intellectual property, forced technology, joint ventures and cyberissues.

"If we can get this right, this is one of the biggest economic opportunities for US businesses, US workers and the US economy," said Mnuchin.

The secretary stressed China made pledges well beyond Xi's willingness to take a second look at a \$44 billion deal for Qualcomm Inc. to purchase NXP Semiconductors NV and roughly \$1.2 trillion in commitments to purchase US agricultural, energy and other goods from the United States. "That was not the case at all," said Mnuchin.

"This was the first time that China responded to us on the structural side with very specific items," he said. The Treasury secretary said the Chinese government responded to a 30-page document sent by the Trump administration by providing a 142-item list with specific responses ahead of the dinner. There, Xi spoke for 45 minutes walking Trump through a "very specific plan," Mnuchin recounted.

Trump on Wednesday blamed Xi's longer trip home for the delay in reciprocal public statements from Beijing confirming Washington's version of the agreement.

“Very strong signals being sent by China once they returned home from their long trip, including stops, from Argentina,” the President tweeted.

“Not to sound naive or anything, but I believe President Xi meant every word of what he said at our long and hopefully historic meeting,” Trump tweeted. “ALL subjects discussed!”

That included fentanyl, a Chinese import Trump has vowed to stamp out. The President again on Wednesday hailed China’s decision to label fentanyl a controlled substance a “game changer.”

The US says China is the primary source of fentanyl found within US borders, according to a 2017 US congressional report citing law enforcement and drug investigators. The President declared the opioid crisis a public health emergency last year and whatever the final arrangement on trade, a commitment from the Chinese to crack down on fentanyl would be a win he can point to.

White House counselor Kellyanne Conway, who is overseeing the White House’s opioid response, told reporters ahead of the President’s trip that shipments of fentanyl, which has resulted in the deaths of 30,000 Americans last year, “had to stop.”

After years of negotiations dating back to President Barack Obama, China finally agreed at Saturday’s dinner to designate the synthetic opioid fentanyl as a controlled substance — meaning sellers would be subject to the maximum penalty under the law.

Trump again on Wednesday applauded giving sellers of the drug the death penalty, echoing his previous comments on stringent punishment for drug dealers, tweeting: “The results will be incredible!”

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