

China Averts U.S. Trade War Tensions and Also Eases Relations with Japan

By Samira Seraji, J.D. Candidate 2020 | April 16, 2018

Withdrawing from the Trans-Pacific Partnership (TPP) and increasing bilateral tariffs have brought the U.S. and China on the edge of a trade war. Recent developments, however, have brought hopes of averting a trade war.

In a speech last week, Chinese President Xi Jinping [promised](#) to open the country's economy and lower import tariffs. Xi said China will widen market access for foreign investors, addressing a chief complaint from the Trump administration. Specifically, Xi said that China would raise the foreign ownership limit in the automobile, shipbuilding, and aircraft sectors.

Although there have been no talks between the U.S. and China since U.S. tariffs were announced, Trump struck a conciliatory tone in response to Xi's announcement. He [tweeted](#) that he was "thankful" for the Chinese leader's kind words on tariffs and access for U.S. automakers, predicting that the two countries will "make great progress together."

Others, however, are not so optimistic. Jonas Short, head of the Beijing office at Everbright Sun Hung Kai, said that the promised reforms are in sectors where China already has a "distinct advantage" or "stranglehold" over the sector. For example, Xi pledges to open up the auto sector, where it maintains a 25 percent auto import tariff compared to the U.S.'s 2.5 percent. Analysts have cautioned that Chinese concessions on autos, while welcome, are a relatively easy win for China to offer to the U.S.

Easing relations with the U.S. is not China's only strategy in approaching these trade disputes. China's foreign minister Wang Yi met senior officials on Monday, April 16, in Tokyo for China's [first high-level economic talk in eight years with Japan](#). While there was no direct reference to Trump, the two nations' finance ministers agreed on the importance of multilateral free trade and spoke against trade protectionism.

Victor Teo, an assistance professor at the University of Hong Kong and academic associate at the Harvard programme on US-Japan relations, said that the relationship between China and Japan has reached a turning point in order to concentrate on the challenges posed by Trump's trade policies.

