

Trump-Xi Meeting

After a two-day meeting between President Trump and Chinese President Xi Jinping held in Florida last week, the two leaders agreed on a 100-day deadline to deliver results. Commerce Secretary Wilbur Ross stressed the goal to increase U.S. exports and reduce the U.S. trade deficit, while Secretary of State Rex Tillerson also noted that “the chemistry between the two leaders was positive.”

The 100-day plan

According to Ross, the 100-day plan was the most significant development from the meeting, although ambitious given the range of issues and their magnitude. Ross also noted that the Chinese expressed interest in reducing their net trade balance in view of its impact on inflation and money supply. Treasury Secretary Steven Mnuchin highlighted China’s acknowledgement that there is a need for a more “balanced trade environment.” The 100-day plan is expected to include more specifics.

U.S-China comprehensive economic dialogue

The meeting also established a “new high-level framework for negotiations,” with four pillars: (i) diplomatic and security dialogue, (ii) a comprehensive economic dialogue, (iii) law enforcement and cybersecurity dialogue, and (iv) social and cultural issues dialogue. Mnuchin mentioned that he will join efforts with Ross to lead a dialogue focused on trade, investment, and other economic opportunities between the two countries.

Chinese industrial overcapacity and market economy status

During the World Trade Organization (WTO) Goods Council meeting held last week, U.S. diplomats asserted that China’s industrial overcapacity problems had “culminated to a critical point,” after China failed to reduce its government intervention in steel, aluminum, and other industrial sectors. According to the United States, EU, Japan, and Canada, China’s overcapacity problems could result in more protectionist trade practices from its biggest trade partners.

In a special meeting held last week, the WTO Dispute Settlement Body agreed to establish the panel requested by China to investigate whether the EU’s policy of treating China as a non-market economy in antidumping calculations violates WTO rules. China also filed a similar case against the United States but has not yet requested a panel into the Department of Commerce’s antidumping policies. On March 30, Commerce requested public comment regarding China’s market economy status in an ongoing antidumping and countervailing duty case against China’s aluminum foil products. However, it remains to be seen whether this signals any policy changes towards China’s market economy status in trade remedies’ investigations.

New EO on the way?

According to [Axios](#) and [Fox News](#), the Trump administration is working on a new Executive Order (EO) targeting “unfair product dumping.” The exact instrument is unclear. The EO would purportedly promote an investigation into unfair product dumping from foreign companies, which could lead to tariffs on a broad range of products (beyond anti-dumping duties), targeting steel, aluminum, and maybe household appliances. The EO could come up in late April.



What to Watch For

- Relevant issues right before the Trump-Xi meeting:
 - Robert Lighthizer’s Senate confirmation as U.S. Trade Representative is still pending. (Last week, the Senate Finance Committee opted to hold the nomination until Congress returns from break.)
 - The U.S. Export-Import Bank asked the White House and Congress for help with its full contingent of board members, in order to approve export loans and guarantees above \$10 million, so the United States could better compete with China.
- Upcoming April 15 deadline for the Treasury Department to issue its semiannual report on trading partners’ foreign exchange practices.
 - After the Trump-Xi meeting, Mnuchin refused to say whether the Treasury report would label China as a currency manipulator.
 - Given the new statutory revisions to the criteria last year, China does not appear to meet all the elements required to be found a currency manipulator.
- Monitor EOs, development of WTO disputes, and new anti-dumping or countervailing duties investigations against China, particularly in the steel and aluminum sectors.

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*The Night Note has a long tradition in Washington, where for years it has been a channel used by cabinet secretaries to alert the White House of critical issues and vital news that should be among the President’s priority concerns. We’ve adapted it here to communicate timely issues that concern the trade and investment community stemming from new policy actions and decisions taken by the Trump Administration.