

Flash Note  
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## Trump keeps pushing in a bid to pressure Beijing

### *Trade*

- The Trump administration plans to propose slapping an increased 25% tariff on \$200B of imported Chinese goods (above the 10% initially proposed), in a bid to pressure Beijing into making trade concessions.. The Trump administration could announce the tougher proposal as early as next Wednesday.
- Meanwhile, US officials said the US and China are trying to restart talks aimed at averting a full-blown trade war. Representatives of US Treasury Secretary Mnuchin and Chinese Vice Premier Liu He are having private conversations as they look for ways to reengage in negotiations.
- WSJ reported that while the two countries have discussed the possibility of another meeting on trade, talks remain at a very preliminary stage, and pointed out that both sides continue to argue that it is up to the other to make the first move after several preliminary Chinese offers, largely involving a ramp in purchases of US goods, which were rejected by President Trump as inadequate and insufficient to fix a structural and unfair situation.

### *Beijing's Politburo signals concerns on growth*

- China's Politburo signaled that policy makers should focus more on supporting economic growth amid risks from a campaign to reduce national debt and the trade standoff with the US.
- According to an official the statement, the nation's campaign to reduce leverage will continue at a measured pace while improving economic policies to make them more forward-looking, flexible and effective in H2 of 2018.
- The same text also refers to the external environment, mentioning that "has significantly changed", suggesting that the nation should roll out targeted measures to solve the key problem.

### *China shows signs of liberalization by mulling over relaxation of controls over foreign strategic investment*

- Xinhua reported China's Ministry of Commerce (MOC) opened public opinion period on relaxation of strategic investment by foreigners.

- Proposal revised minimum holding period for A-shares acquired by foreign investors to 12 months from 3 years.
- Also lowered foreign asset threshold to \$50M vs current \$100M, or funds under management to \$300M vs \$500M

Well, just hope that all these efforts serve to guide us towards a more advanced, fair and lasting global trade conditions.

Best