



Wichita's NPR Station

Listen Live

Donate

Site Menu

The Range

# Expert On New Trade Deal With China: 'More Hat And Less Cattle'

By TOM SHINE · 10 HOURS AGO

Share Tweet Email

Listen 5:55

Usha Haley is the W. Frank Barton distinguished chair in international business at Wichita State University and an expert on of trade with China.

Her research on Chinese subsidies and trade with China is incorporated into trade regulations for the United States, the European Union and several other countries.

After this month's phase one trade agreement between the U.S. and China was signed, she talked with Tom Shine and The Range about what the agreement contains, what impact it might have locally and what's next.

The interview was edited for length and clarity.

**Tom Shine: Can you give us the elevator talk about what that deal contains and what it doesn't contain?**



Usha Haley is the W. Frank Barton distinguished chair in international business at Wichita State University.

CREDIT COURTESY OF WICHITA STATE UNIVERSITY

Usha Haley: Well, what it doesn't contain is as huge and important, perhaps more so than what it contains. But by itself, this is a very important deal. And I think it's because the world, the global economy, needed it. It's ... essentially a ceasefire between China and the United States. In some ways it hits the pause button on the geopolitical confrontation ... that occurred between the United States and China over the last two years.

It should be noted that the bulk of tariffs remain. ... About 65% of Chinese imports into the United States are still subject to tariffs as are 57% of U.S. exports to China.

However, the purchasing part of this deal, I think ... does bring some hope, especially to Kansas.

**Talk about that a little bit more: the Kansas involvement and what the impact of this agreement's going to mean for Wichita and Kansas.**

So one of the issues with this trade deal is that the details are really skimpy and there is no enforcement mechanism other than if the parties consult after the trade deal ... if that doesn't work out and the two parties don't agree to some sort of solution, then China has the option of withdrawing.

Given that ... China has agreed to buy an additional \$77.7 billion worth of manufactured goods from the United States. This is in addition to the 2017 baseline. China has also agreed to buy \$32 billion over the next two years in addition to the 2017 baseline in agricultural products, which includes oil, seeds, meat, cereals, cotton, et cetera.

**You talked a little bit earlier that Wichita really is an export economy. ... How much of our economy depends on those markets?**

China is a very important market for Wichita and for Kansas. China is the third-largest export market for Wichita after Mexico and Canada. And ... Chinese trade supports about 400,000 jobs in Kansas. Kansas exports threatened by the tariffs is approximately about \$560 million. And this includes the ones ... imposed by China and the ones imposed by the EU (European Union).

**Talk a little bit, if you could, about Wichita's aviation industry, its relationship with China and what this new agreement (means). How does that all play out?**

So I looked at the agreement in detail and it doesn't specify the purchase of any products. So, although the agreement says China has committed to purchasing about \$78 billion worth of (manufactured) goods over the next two years ... which includes aircraft orders and deliveries, it doesn't specify the amounts or provide any more detail.

What I would say here is that there is a potential for the aviation industry to benefit. There is a stronger potential for agriculture to benefit, but so far the Chinese agreement ... is full of promises, very few abilities to enforce those promises and plenty of wiggle room for China.

**What would you say to the average person who sees this on TV and catches it on the news or reads a story? What should they take away from any type of international trade agreements or trade news?**

Currently it's a ceasefire. Everyone can pause and take a deep breath and know that tariffs aren't going to be raised at least until the elections in November. So there, right there, gives some degree of certainty and the ability to plan. I do think there is promise for Kansas agriculture specifically, in American agriculture generally. On everything else, I think it's a wait and see because there are no specifics.

But as I said, I know this sounds contradictory, but it's a good thing. I mean a halt is a good thing. That's what it is.

It's hopeful. The general environment has in some way become lighter. There's less darkness, but nothing that you could really hang your hat on.

This agreement, and I don't mean to douse it, is really more hat and less cattle. But it's nice hat.

*Tom Shine is the director of news and public affairs at KMUW. Follow him on Twitter [@thomaspsshine](https://twitter.com/thomaspsshine).*



TAGS: LOCAL NEWS TRADE CHINA TARIFFS AGRICULTURE THE RANGE

 Share  Tweet  Email



Community Discussion  
Guidelines



© 2020 KMUW

89.1 Wichita Public Radio | 121 N. Mead, Ste. 200 | Wichita, KS 67202 | (316) 978-6789