



## Trump expected to claim victory in the China trade war, for now

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President Trump's decision to schedule a signing ceremony Wednesday for the United States-China trade deal with negotiations still ongoing is viewed as a sign that he plans to essentially declare victory in the trade war, for now, while he faces reelection.

"He will build up 'phase one' as much as possible, and tout that on the campaign trail as a big win," predicted Simon Lester, a trade policy analyst for the libertarian Cato Institute.

The White House is set to host Chinese Vice Premier Liu He for a signing ceremony for the deal on Wednesday. The event is being held despite the fact that the White House says the deal, initially reached last October, still has at least one more phase and possibly two to do before it is finished. Still to be dealt with are such major issues as digital trade, China's business subsidies, and its hacking of U.S. companies.

Phase one of the deal reportedly covers financial services, currency manipulation, intellectual property rights, and forced transfers of technology, but the precise language has not been revealed yet.

Raul Hinojosa-Ojeda, a UCLA professor who researches trade, said Trump got what he most needed out of the conclusion of "phase one": a cooling-off to calm the markets and renewed purchases of domestic farm goods. China is expected to buy \$40 billion to \$50 billion in pork, soybeans, and other products under the deal.

Those commitments, he said, are in Trump's political interests.

"Ironically, the Trump-voting counties in the U.S. are the counties that are most dependent on exports to China," said Hinojosa. "And they're not where the imports go to. Those go to the counties that didn't vote for Trump."

From the White House's perspective, phase one is a win, said Derek Scissors, resident scholar at the conservative American Enterprise Institute, because it got what it really wanted. The issues that were left unresolved are less important to Trump.

"What President Trump wants is done, for a while. He doesn't care about intellectual property and the rest; he wants the trade deficit to shrink. It's shrinking now due to tariffs and, if the Chinese make the purchases, it will shrink during 2020 and into 2021," Scissors said.

A trade deficit is when a country buys less from another country than it sells. Reducing the U.S. trade deficit with China, currently at about \$320 billion, has been a key goal for Trump, who

views it as a sign that China is getting wealthy at the U.S.'s expense. Most economists dispute that contention, saying deficits aren't a sign that one side is losing out.

The fact that it is only a partial deal or what that the fine print isn't clear won't matter to a lot of people, noted Bryan Riley, a trade policy expert for the right-of-center National Taxpayers Union. "Even the market may not care about the details," Riley said. "It just wants a deal that removes the threat of trade war escalation."

That's not to say a trade war couldn't still heat up, many note. The president is unpredictable. "Trump thinks that it makes him look tough to put tariffs on China," Hinojosa said. So, Hinojosa said, the president might resort to that if he feels politically threatened.