

A US/China trade deal?

Will they, won't they do a deal? The US side says there is a deal, it just needs to be written up fully. They suggest China will agree to buy more US food and goods, in return for the USA cancelling the threatened new tariffs this week and rolling back a little of the ones already imposed. China is not so sure.

The truth is since the tariff war began the arguments between China and the USA have broadened. There is the dispute about technology transfer and Intellectual property, the US Democrat led challenge to China on human rights, the issue of currency manipulation and the questions of state enterprises and unfair competition. None of these are easy to resolve, and all require trust and understanding that is difficult to conjure. The US needs to know how any new rules against IP theft or state subsidy would be enforced.

Mr Trump has highlighted the lack of symmetry or fairness in much of the world trading system. China is his main target, but he has also queried the higher tariffs on US cars in the EU than the other way round and has won a longstanding case in the WTO over subsidies to Airbus representing unfair competition to Boeing.

There are always some disputes going on around the world, but today tariffs and trade disagreements spring up in various places. There is the trade dispute between Korea and Japan with grievances going back to the last World War. There are trade frictions around Kashmir where they are related to the political tensions.

Freer trade is usually a good thing, but there are concealed within current so called free trade patterns injustices, subsidies and anti competitive practises. The present manufacturing downturn worldwide is often attributed to the so called trade war. In practice it is the widespread change of policy and attitudes towards diesels and partly to petrol vehicles that has done more to power the downturn than the imposition of new tariffs.