

## Mr Trump, Brexit and trade

The President is mainly coming to the UK to commemorate 70 years of the NATO alliance. He will be very positive about the UK's role and contribution. He and his advisers also fully accept the UK's decision to leave the EU and would be happy to negotiate a free trade agreement as soon as the UK government is willing and able to do so. Mrs May was reluctant all the time we stayed in the EU, wrongly claiming the EU Treaty stopped us holding detailed negotiations.

The US has been making it clear for some time that they think Huawei is a threat to their national security, and recommend allies take the same view. As we share many secrets with them they do not want our systems offering access to companies in China that they think operate for the Chinese state.

Mr Trump's recent imposition of tariffs on Mexico until they do more to control illegal migration into the USA across their border adds to the trade tensions with China. The President is also allowing only 180 days to the Europeans to respond to his claim that the EU in general and Germany in particular are cheating in their trade in cars, with asymmetric tariffs against the USA. As soon as the UK is out of the EU we can make our own decisions on a fair tariff regime for vehicles and avoid the likely fall out from a wider trade war if the USA takes action against the EU as it is doing with China and Mexico.

The markets are not liking the aggressive stance on trade, but Mr Trump does have issues over Mexico and China that resonate with many US voters. It will be interesting to see if and when the President feels he has been offered enough by way of a possible compromise or settlement.