

## G20: Many bridges to cross before a US-China deal can be cut

The new cease-fire and a resumption of negotiations between the US and China keep hopes alive that a long-running trade war can be avoided. But more is needed before we can change our expectations that another round of tariffs is coming



President Donald Trump shakes hands with Chinese President Xi Jinping during a meeting on the sidelines of the G-20 summit in Osaka, Japan

Neither the US nor China reported that any of the disagreements which proved to have been deal breakers in May are closer to being resolved. So, much work needs to be done to prevent another break up of negotiations. China's promise, according to the US, to import more agricultural products from the States while the US postpones new tariff hikes, is not very different than what was already agreed upon in December last year and proved, in the end, to be insufficient for a deal.

For this round of negotiations to be a success, we need to see the difficult issues such as technology, Chinese state aid and the protection of intellectual property, to be resolved. We also need to see rules for the future enforcement of any deal. Since leaders and the American written statement did not say that concrete steps in that direction have been taken, or that the US has dropped its demands regarding these issues, much caution is warranted before anyone can cry victory.

President Trump officially said that the Huawei case can be dealt with at the very end of trade talks. He also mentioned that US companies can sell products to Huawei if those products are not critical to national security; the definition of 'critical to national security' is very much up to US interpretation. So we believe that what President Trump has said is not impactful enough for Huawei and the other seven Chinese technology companies, which were recently included in a US entity list, to get critical components from American trading partners.

From Huawei's perspective little has been gained by the China-US sideline meeting at the G20. So, we haven't yet reached a point where we can abandon our expectations that these negotiations will break up and a subsequent round of tariffs will follow.

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