

Why Trump no longer talks about the trade deficit with China

President has shifted his language after failing to achieve a core 2016 campaign promise.

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Donald Trump has failed to reduce the US trade deficit with China meaningfully.

As Donald Trump gears up for the final stretch of the presidential race following the Republican convention, a glaring contrast with his 2016 campaign is his silence on the US trade deficit with China. Mr Trump took aim at China during the convention over everything from its responsibility for coronavirus to its human rights abuses against Uighurs in Xinjiang. But as the November election grows closer, the president has become conspicuously quiet on trade.

During the 2016 campaign, Mr Trump pledged to get much tougher on trade with China, which he accused of “raping” the US. After launching a trade war with Beijing, he secured a limited trade deal in January. But that agreement looks wobbly and the trade deficit remains stubbornly high. The US trade deficit in goods with China in 2016 was \$347bn. For 2019, it was only marginally lower at \$345bn.

Ryan Hass, a China expert at the Brookings Institution and an informal adviser to Joe Biden’s campaign, said that, during the 2016 campaign, Mr Trump pledged to negotiate better trade deals for US workers and asked voters to use the size of the deficit as a “scorecard”. “The reason he doesn’t want to talk about trade [now] is he doesn’t want the media to do the forensics,” Mr Hass added. “Americans got their shit kicked out of them in the exact area where President Trump said he would solve their problems.”

Peter Navarro, the White House trade adviser, said the tariffs Mr Trump slapped on Chinese exports had “helped significantly reduce our trade deficit in goods” and that the White House would “continue to crack down on China’s economic aggression”. Mr Navarro said the deficit had “peaked” in 2018 at \$418bn, as Mr Trump began to impose tariffs, and then fell 18 per cent, or \$74bn, in 2019. He added that in the first half of 2020, the deficit had fallen 21 per cent compared with the same period last year, although that was partly due to the impact of the pandemic on global trade. He refused to comment on the fact that the 2019 deficit was barely unchanged from the figure in 2016.

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Robert Lighthizer, US trade representative, last week struck an optimistic tone on the implementation of the phase one trade deal following a call with Liu He, his Chinese counterpart. But the deal is showing signs of weakness. Eight months on, China is on track to miss the targets in the agreement, which said that over two years from 2020, China would buy \$200bn more in US goods and services than it did in 2017, before the start of the trade war. According to the Peterson Institute for International Economics, US exports to China of the products covered by the commitments amounted to \$48.5bn, compared with a prorated year-to-date target of \$100.7bn. Chad Bown of the Peterson Institute said the US-China trade relationship had deteriorated under Mr Trump despite the phase one deal. He said there was no sense of movement on tackling broader structural issues.

Earlier this month, Mr Trump said China was “more than living up to” its commitments, prompting Tony Blinken, a senior adviser to Mr Biden, the Democratic presidential candidate, to accuse him of trying to hoodwink the public. “The Chinese government has outmanoeuvred President Trump at every turn,” Mr Blinken said. “Instead of matching his tough talk with real action, President Trump has backed down again and again.”

Some administration officials want Mr Trump to hit China on trade as part of a ramped-up campaign over everything from technology and espionage to China’s imposition of a draconian national security law on Hong Kong. “Lighthizer wants . . . to be able to push back on any naysayers in the White House who are challenging this deal and questioning whether we should remain in it, particularly in the lead-up to November,” said Wendy Cutler, a former top trade official now at the Asia Society Policy Institute.

As Mr Trump becomes more assertive towards Beijing on non-trade issues, he is increasingly claiming that Mr Biden would be so weak that China “would own our country”.

Yet he has left a paper trail that may undermine his argument, including praising President Xi Jinping for his handling of the Covid-19 outbreak in the early days of the pandemic. “If I was the Biden campaign, I would simply run rebuttal claims . . . with all of President Trump’s statements about President Xi,” said Kori Schake, a former Bush administration official who heads foreign policy studies at the American Enterprise Institute. She added: “It will be very hard making the charges stick that Biden would be uniquely bad because Trump himself is the biggest inhibitor to strong and consistent policy containing China’s bad behaviour.”

Paul Haenle, a former White House China adviser, said China hawks in the administration were taking advantage of the “very permissive environment” Mr Trump has created since the pandemic struck the US. China hawks latch on to Trump’s campaign against Beijing “They have highlighted the problems we have with China,” said Mr Haenle, who heads the Carnegie-Tsinghua Center for Global Policy. “They haven’t tried to solve problems. I can’t tell what their objective is. It’s more of an attitude and less a policy. It’s more of an emotion.

It’s not good for US national security to have that kind of policy.” The administration has been quick to highlight some successes, including persuading the UK and other allies not to use equipment from Huawei, the Chinese telecoms company that Washington says helps China engage in espionage. Speaking to the convention, Mike Pompeo, US secretary of state, said Mr Trump had “ended ridiculously unfair trade deals” as he “pulled back the curtain on the predatory aggression of the Chinese Communist party”.

Yet while Mr Trump hopes that attacking China — and allowing the hawks in his team more leeway — will help him defeat Mr Biden in November, there are some signs that the American public may need some more persuasion. A recent Gallup survey found that 57 per cent of respondents disapproved of the way Mr Trump has handled relations with China.