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Trump's Made-for-TV Trade War Keeps World Guessing

The president's unpredictability and demands of China are complicating an end to the long-running dispute, experts say.

By Ana Swanson

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When President Trump's advisers suggested that Beijing resume buying around \$20 billion in American farm products as part of a trade deal, Mr. Trump wasn't satisfied. In a dramatic public retelling in the Cabinet Room, he said he pressed his team to more than triple that figure, then trimmed that a little and asked for up to \$50 billion in annual purchases.

"My people had \$20 billion done," Mr. Trump recounted in an Oct. 21 cabinet meeting. "And I said, 'I want more.' They said, 'The farmers can't handle it.' I said, 'Tell them to buy larger tractors. It's very simple.'" The cabinet members gathered around Mr. Trump laughed.

Mr. Trump has brought his characteristic love of show business to trade talks with China, injecting public drama into typically staid proceedings. He has alternated displays of anger and warmth toward Beijing and assumed the role of the insatiable negotiator, pairing ambitious goals for a trade pact with even bigger threats should China not accede to his terms.

But more than a year and a half into the biggest trade war in modern history, Mr. Trump's approach has not yet produced the grand finale he hoped for. Instead, the president's

cliffhanger tactics appear to have made it even harder to bring complex trade talks to a close and exacerbated economic uncertainty across the globe.

Despite Mr. Trump's Oct. 11 announcement that the United States and China had reached a “historic” Phase 1 trade agreement, actually signing a deal has proved elusive. The two sides continue to negotiate and could finalize an agreement in the next few weeks, if negotiators decide to compromise. But Mr. Trump continues to give mixed signals about whether he actually wants a deal and if any of his tariffs on \$360 billion worth of Chinese goods will ever be removed.

“We’re taking in billions of dollars in tariff money from China,” Mr. Trump said on Nov. 8. “I like our situation very much. They want to make a deal much more than I do, but we could have a deal.”

A prolonged trade war offers Mr. Trump some political advantages: It allows him to maintain a tough public stance toward China and avoid Democratic criticism that he is caving to Beijing.

But businesses are not entertained. The unrelenting trade fight has prolonged financial pain for American farmers, companies and consumers, paralyzing firms that rely on robust trade flows between the world’s two largest economies.

Executives across the world say they have no choice but to postpone some hiring and investment, make sure any new expansions are not crippled by unforeseen policies, and conserve cash.

The uncertainty is weighing on the United States economy, particularly manufacturing, which has slumped over the past several months. Chinese economic growth has slowed to its lowest rate in nearly three decades, while Germany has barely avoided falling into recession.

“It’s striking that in almost every corner of the world geopolitical tensions are threatening to put the brakes on growth,” John Williams, the president of the Federal Reserve Bank of New York, said in a speech last week. “The uncertainty created by current events is no doubt having a lasting effect on the economic conditions we’re experiencing today.”

Mr. Trump’s theatrical embrace is not limited to China. He has injected similar drama into trade talks with other partners, including Europe, Japan, Canada and Mexico, publicly threatening them with tariffs and suggesting he might leave some trading partners behind.

The president says his approach has created leverage — and in some cases, he is right. The threat of tariffs has prompted officials from Mexico, Canada, Japan and elsewhere to make concessions they might not otherwise have agreed to. It has also brought China, which is heavily reliant on exports to the United States, to the negotiating table.

But that strategy may now be discouraging China from bringing the talks to a close. Mr. Trump’s tendency to waver and increase his demands have made China wary of offering concessions, for fear that he will only demand more, people familiar with Chinese trade policy said.

Eswar Prasad, a trade professor at Cornell, said the president’s “**mercurial temperament and predilection** to undercutting his own negotiating team” had complicated the already challenging task of striking a deal. “By hyping up expectations and setting unrealistic goals for the trade talks, Trump makes the prospects for any sort of trade deal with China more uncertain and volatile,” he said.

The two sides have been unable to reschedule a meeting between Mr. Trump and his Chinese counterpart, Xi Jinping, in Chile that was canceled because of domestic protests. Mr. Trump has since said that a deal signing would take place in United States “farm country,” but the

Chinese have been reluctant to commit to a meeting until a deal that includes tariff reductions is finalized.

Without a set deadline, the two sides have lost a source of external pressure to get the deal done. Beijing is also concerned about the president's unpredictable behavior — as demonstrated by his abrupt departure from a high-profile meeting last February in Hanoi with North Korea's leader, Kim Jong-un. They fear that Mr. Trump may end up giving fewer concessions than they anticipate, resulting in an embarrassing trip for Mr. Xi, according to people familiar with their thinking.

Mr. Trump continues to insist his tactics will be worth it, saying he is the only president tough enough to take on China without fear of repercussions and that the United States will be better off. Many businesses agree that China has long taken advantage of the United States and support Mr. Trump's efforts to remove trade barriers and end coercive practices that have disadvantaged American firms operating in China.

But they have struggled with his approach, which has repeatedly escalated tensions, prolonging the trade fight far longer than most expected. The lack of resolution has been discouraging, given that many analysts believe that the administration is tackling only the easiest issues in its Phase 1 deal, and leaving more contentious topics, like the subsidies that China gives to its industry, for later talks.

The roller-coaster ride has been exasperating for businesses that thrive on certainty and cannot easily shift supply chains or adjust shipments of products that need weeks to cross oceans. The most recent twists in the China trade talks have left firms uncertain whether a 15 percent tariff that the Trump administration had planned to impose Dec. 15 on another \$160 billion of goods, including smartphones, laptops and footwear, would go into effect — or whether a 15 percent tariff imposed on consumer goods in September would remain.

“It makes for better theater to hold this to the last minute,” said Phil Levy, the chief economist at Flexport, which coordinates international shipments for companies. “It really doesn’t fit well with the world of global supply chains. And we’re talking to a lot of businesses who are having difficulty with that.”

Even Mr. Trump’s supporters have trouble at times disguising their frustration with his focus on showmanship over substance and a nagging feeling that the president doesn’t want the show to end.