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Mr. Trump's Diplomatic Stance Softens Before the Election

Attitude of Appeasement Growing Stronger in Trump's Diplomacy

The diplomatic stance of the Trump administration seems to be changing as it shifts into election mode ahead of the presidential election that is coming just over a year from now. In preparation for this, Mr. Trump, a strong hawk completely given over to the application of strong pressure, is now starting to show a much more cooperative colouring. The characteristics of a deal maker are coming to the fore. On the security front, he has dismissed John Bolton, his former national security adviser. Mr Bolton had been adamantly insisting on the "Libyan style" of not lifting sanctions until complete denuclearization had been confirmed, and so North Korea continued to criticize him by name. While Mr. Bolton's replacement is in complete accordance with North Korea's willingness to repeat missile launches, CVID (Complete, Verifiable, and Irreversible Dismantlement), which was the original standard of the Trump administration, has now been effectively shelved. Holding short-range missiles that do not pose any threat to the US would be a stance of acceptance. In an attempt to speed up results, Mr. Trump had indicated that he would set up a meeting with the Taliban or saying that he would meet with Iran without any conditions being laid down, which was worried about making any overly random, arbitrary concessions with North Korea. Concerns are now being raised that Mr. Bolton's departure could mean that the brakes stopping such "unprincipled" concessions being made have been taken off.

Trade War with China, Possibility of Temporary Truce

Signs that weighty concessions have been made to win agreement on trade policies with China are starting to appear. So far, sanctions on Huawei and successive tariff increases have been proposed, but there have also been suggestive flickers of interest in concessions such as delaying their implementation dates. President Trump announced on September 11 that, in reaction to China's retaliatory sanctions, he would raise the rate of import duty levied on \$250 billion of Chinese imports from 25% to 30% but postponed the implementation of this measure from October 1st to October 15th. The USTR (United States Trade Representative) has also announced that the 10% tariff due to be applied from September 1st on some of the remaining \$300 billion of import items will be postponed until December 15th.

Intimidation and Concessions are the Usual Methods of the "Trump Deal"

Democratic supporter George Soros expressed concern in the WSJ newspaper (September 10th edition) about this softening in the stance of the Trump administration. Last year, the Trump administration imposed a penalty on the Chinese smartphone maker ZTE for violating the sanctions on both North Korea and Iran, but then withdrew the penalty as a concession for a trade agreement with China. Republican legislators have submitted amendments to the Defense Authorization Act to withdraw the Huawei sanctions named in the 2019 Defense Authorization Act. Because Mr. Trump is rushing to reach a trade agreement with China to increase his chances of re-election, there is a danger that boosting stock prices and supporting the US economy will be prioritized too. If the Huawei sanctions were to be lifted as a concession by the US side in return for an agreement, it will allow a dictatorial China to regain supremacy of AI technology - and this development would be irreversible. Mr. Trump is not expected to lift the Huawei sanctions completely, but the possibility of him making an easy compromise cannot be ruled out.

These instances can be seen as revealing the essence of Mr. Trump as a deal maker. Mr. Trump's usual means consist of a phantasmagorical and ever-changing melange of boastful

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bragging, threats and intimidation, bluster, sensational behaviour and, just occasionally, a fleeting and illusionary freedom of indulgence in flattery. Mr. Trump has been acting as if he's been conducting a business deal ever since the presidential election, and Trump's diplomacy is just an extension of this behaviour. In the fields of diplomacy and security, he has abandoned any idealistic principles and fully exposed that the priority lies squarely on the pursuit of US interests. Deals have come to be frequently used as a way of criticizing international organizations, and of neglecting and belittling bilateral trading methods and means. If we recognize that Trump's essence is to be a deal maker, then consensus building must have existed as a goal in the first place. Perhaps it might be best understood as being a series of flows that assumes both traps being laid, and concessions being granted for that very reason. The deal is Mr. Trump's special skill in the real estate industry and the wiles and arts of coaxing turned out to be the best practice for realizing the most favourable agreements.

Good for the Market and the Economy

Mr. Trump's changes will be immediately welcomed both by the economy and by the markets. If the US-China agreement progresses and the trade war ceases, stock prices will rebound strongly. On the Chinese side, domestic economic indicators are showing signs of deterioration, and the need for a trade ceasefire is increasing. After navigating the forthcoming important events in October comprising National Day, the 70th anniversary of the founding of the People's Republic of China, and the National Congress of the Communist Party of China, it may well be that the accelerator for a trade agreement could be stepped on. Moreover, the possibility also exists of certain concessions being made in the US-China ministerial level talks, such as expanding purchases of US agricultural products such as soybeans and pork, granting the market access that the US so strongly demands, enforcement of technology transfers, and the protection of intellectual property rights.

At the APEC summit to be held in Chile on November 16th and 17th, talks between Trump and Xi may take place and a trade truce may be realized. This would be a good result for the Trump administration in the presidential election. There is also a good chance that the improvement in economic sentiment would bring about a bottoming out of the economic mini-cycle. In such a case, the scale of the rebound in Japanese stock prices is likely to be particularly large.