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Trade Truce: The parties have adopted a pragmatic approach. The implications

Having attended a seminar about the economic situation in China, I summarize the most relevant conclusions from my colleagues (speakers) in relation to trade negotiations:

1. Xi and Trump are likely to meet in Washington in June to sign a trade deal.
2. **This deal will include:**
 - a. Substantial Chinese purchases of US goods (agricultural and gas –LNG), being this a victory for Trump.
 - b. A strengthening of protection for intellectual property.
 - c. Chinese concessions on market access, such as phasing out joint venture requirements.
 - d. Chinese agreement of not to devalue the RMB.
 - e. A schedule for reducing tariffs on both sides (perhaps this was the most important point, though this has not been confirmed yet)
 - f. Clear and tough enforcement mechanism, as a process for the US authorities to monitor Chinese compliance with the agreed, as well as guarantee the interests of North American companies.
3. **Why I say the parties have adopted a pragmatic approach?** The US has softened its demand for China to eliminate state industrial subsidies (being this a victory for Xi Jinping). Eliminating Beijing's subsidies was an objective that we knew beforehand was impossible to achieve, and as such, it endangered the entire negotiation. By tempering demands to curb subsidies, it now seems that the parties can secure a deal agreement.
4. **Can we trust that the nightmare of the commercial war is over?** I feel comfortable affirming today that the worst is probably behind, and that the tension of 2018 will not be repeated. There is one strong reason for that. Bipartisan consensus in Washington remains that China is a strategic rival, but there is no agreement on how to confront it.

5. **What about the risks?** The risks may be in the details, such as the resolution for the conflict with Huawei, but the speakers mentioned that this issue will probably be kicked down the road.

This is how things stand. In my opinion, an encouraging development with potentially favorable implications.