

Height Commentary

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Trade

Don't Call Me, I'll Call You- Trump Delays Xi Meeting

THE TAKEAWAY

President Trump's [announcement](#) that he will, as of now, not meet with Chinese President Xi Jinping supports our thesis that a comprehensive deal will not be reached by the March 1st deadline, but that a continuation of the tariff pause is likely. That Trump canceled the meeting without directly blaming the Chinese leads us to expect that this is not a negotiating tactic, but is rather a delay to allow a Trump-Xi meeting to coincide with an actual deal, rather than the empty promises resulting from previous Trump-led summits. That this delay was driven by process, rather than bluster, leads us to expect that the current tariff pause will be extended to allow negotiations to continue. We still see talks taking a more positive trend than at any point previously, and see a good chance for a deal coming together.

What does this mean for talks? Delaying the Trump-Xi meeting does not mean that talks have stalled, and could even be a positive. Trump has taken criticism for presenting vague agreements as fully formed deals, and is likely highly motivated to avoid that situation this time around. However, a meeting with Xi so close to the deadline would require him to announce a deal in order to salvage a win. Delaying the meeting until after March 1st removes some of that pressure to reach a final deal at the summit, and allows talks to continue longer and deliver the substantial deal sought by Robert Lighthizer and other of the President's advisors.

Lighthizer probably played a key role in determining this outcome. As we noted [previously](#), his comments suggest that he views his role as ensuring that any deal actually brings real change- essentially, that he is there to prevent Trump from taking anything less than a meaningful deal. We expect that this pressure from Lighthizer to keep pushing for a substantive deal contributed to the decision to delay the Trump-Xi meeting, in order to reduce pressure on both sides to bring the talks to a premature conclusion.

The way in which the meeting was delayed informs our expectations moving forward. When Trump [canceled](#) his summit with Kim Jong Un, he paired it with direct threats and used the cancelation as a point of leverage with Kim. There was not the same bluster this time around, leading us to expect that Trump remains

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invested in continuing the process and does not feel the need to play the type of hardball that would include hiking tariff rates.

Even though things aren't going as fast as some may have hoped, they are still better than they've been before. We continue to see a strong chance for a meaningful deal to come together, and will be watching an [expected](#) meeting between Robert Lighthizer and Liu He in the near future for indications of when this might occur.

For more on our views on the ongoing US-China talks, please see some of our past notes:

- [Dec. 3rd Light On Detail, Heavy On Messaging - Trump's China Deal Is A Juncker Redux](#)
- [Dec. 6th China's MOFCOM Sends Constructive but Ambiguous Signals at Press Conference](#)
- [Dec. 13th Open Ended Promises and Magic Beans- China Gives Trump a Near-Term Win](#)
- [Dec. 18th Xi Speech Falls Short Of Most Optimistic Hopes](#)
- [Jan. 4th Upcoming US-China Meeting Is A Bellwether, Don't Expect Big Concessions](#)
- [Jan. 10th US And China Issue Positive, If Vague, Readouts From First Round Of Talks](#)
- [Jan. 30th Under A Cloud Of Legal Issues, US-China Talks Resume Today](#)
- [Feb. 5th State Of The Union Lookahead: The Wall, China, And A 2020 Preview](#)

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