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ANDREWS AIR FORCE BASE, Maryland: US President Donald Trump waves as he boards Air Force One on Thursday en route to Palm Beach International Airport in West Palm Beach, Florida. — AP

WHY TRUMP OFFERING OUTSTRETCHED HAND

PRESIDENT LEARNS GO-IT-ALONE POLICIES DON'T WORK

WASHINGTON: What happened to Donald Trump the "America First" trade warrior? This week, Trump abandoned a campaign vow to label China a currency manipulator. Two weeks ago, his administration proposed a mild rewrite of the North American Free Trade Agreement, which he'd previously branded a job-killing "disaster". And his threat to slap harsh tariffs on Chinese goods has given way to a bid to mend fences with Beijing.

This hardly resembles the candidate Trump who sold himself as a pugnacious outsider, hell-bent on upending decades of US support for ever-freer trade to safeguard American jobs from nations that play unfairly. The recent climb-downs suggest a new president learning that go-it-alone trade policies don't easily work. "The president is beginning to adjust his policies to economic reality," says Joshua Meltzer, a specialist in international trade and a senior fellow at the Brookings Institution.

His spokesman, Sean Spicer, has defended Trump's shift on trade issues, explaining that his major promise was to deliver results - not cling to any one policy stance. "The president's tough talk on a variety of subjects was to get results for the American people," Spicer said. Nowhere has Trump's shifting trade policy been clearer - or more jarring - than his reversal on China's handling of its currency. On the campaign trail, Trump told voters that on his first day in the White House, he would label China a currency manipulator, a public shaming that could trigger trade sanctions. Not since 1994 has the United States desig-

nated China a currency manipulator. That self-imposed deadline came and went. As recently as April 2, in an interview with the Financial Times newspaper, Trump had accused China of keeping its currency artificially low to give its exporters an unfair price advantage in world markets. The charge exasperated economists, who overwhelmingly say that while China did manipulate its currency several years ago, it has not done so anytime recently. Far from undercutting its currency - the yuan - China has instead been spending its foreign reserves to prop up the yuan at a time when many Chinese are pulling money from the country to invest overseas.

"It's absurd to call China a currency manipulator at the moment," says Adam Posen, an economist who leads the Peterson Institute for International Economics, which advocates free trade. The US Treasury Department had faced an April 15 deadline to submit a report to Congress declaring whether or not China was a currency manipulator. It was clear, under the department's standards, that China was not guilty. In an interview Wednesday, Trump bowed to reality. "They're not currency manipulators," he told The Wall Street Journal.

Softer tone

In similar fashion, Trump had vowed to force Mexico and Canada to rewrite NAFTA to better protect American workers - and to abandon the 23-year-old deal if he didn't get what he wanted. Yet when a draft of his administration's plan for NAFTA leaked last

month, it appeared to keep much of the agreement intact. Likewise, during the campaign Trump spoke of slapping a 45 percent tariff on Chinese imports. Even before he took office, though, his aides were already downplaying the tariff threat.

In fact, the president's trade stance on China has taken an even softer tone since he met last week with President Xi Jinping. Trump is seeking China's help in dealing with an increasingly belligerent and dangerous North Korean regime. "I think he wants to help us on North Korea," Trump said of Xi, praising China for rejecting shipments of North Korean coal, a move that puts financial pressure on the repressive regime in Pyongyang. Asked whether the administration's decision on China's currency was part of an agreement over North Korea, Trump said Wednesday, "We're going to see about that."

Regardless, the president appears to have decided that "needlessly antagonizing China over an issue that doesn't exist is not a particularly fruitful strategy," Brookings' Meltzer said. Trump has also flip-flopped on the US Export-Import Bank, which helps exporters by making and guaranteeing loans and providing insurance. As a candidate, Trump attacked the agency as useless, and many conservatives have called it a hub of crony capitalism.

But Trump told the Journal that he'd learned that the Export-Import Bank serves small businesses and helps US firms compete with foreign companies that receive help from their governments. Trump also noted that the bank "actually makes money" for taxpayers.

It's possible that Trump could still turn more confrontational on trade. He's already withdrawn from an ambitious Asia-Pacific trade pact negotiated by the Obama administration. And his nominee to be US trade representative, Robert Lighthizer, has advocated more aggressive use of trade laws to fight unfair foreign competition, especially from China.

Still, free-trade advocates would feel far more encouraged if the administration worked within existing trade pacts rather than tearing them up. Trump's confrontational talk about America's trade partners had played well on the campaign trail, especially in Midwestern and Southern towns that lost jobs to Chinese and Mexican competitors. But plenty of other Americans have a vital stake in preserving cordial trade relations. US farmers, for example, have mostly benefited from NAFTA: Their exports to Mexico, for instance, have risen nearly five-fold since the deal took effect in 1994.

And American auto manufacturers have spent two decades building complex supply chains that ferry components and finished cars back and forth across the US-Mexico border. A NAFTA overhaul would likely disrupt their operations. Posen of the Peterson Institute says Trump might be starting to recognize that trade is part of America's enormously complicated relationship with the rest of the world. Posen says he is reminded of some advice the fictional President Josiah "Jed" Bartlet offered on chess and geopolitics on television's "The West Wing": "Look at the whole board." — AP