Center for Strategic and International Studies

The Trade Guys Podcast

“ZTE and Tweetable Deliverables”

Speakers:
Scott Miller,
Senior Adviser,
Abshire-Inamori Leadership Academy

William Alan Reinsch,
Senior Adviser and Scholl Chair in International Business,
CSIS

Host:
H. Andrew Schwartz,
Chief Communications Officer,
CSIS

Date: Tuesday, May 15, 2018
SCOTT MILLER: I’m Scott.

WILLIAM ALAN REINSCH: I’m Bill.

MR. MILLER and MR. REINSCH: (Together.) And we’re The Trade Guys.

(Music plays.)

H. ANDREW SCHWARTZ: You’re listening to The Trade Guys, a podcast produced by CSIS, where we talk about trade in terms that everyone can understand. I’m H. Andrew Schwartz. And I’m here with Scott Miller and Bill Reinsch, the CSIS Trade Guys.

In this episode we’re talking about what’s going on between the Trump administration and the Chinese telecom company ZTE. The U.S. Commerce Department penalized the company back in April.

REPORTER: (From recording.) An unprecedented fine for U.S. sanctions-busting – Chinese telecom equipment giant ZTE agreeing to pay more than a billion dollars in penalties and plead guilty to criminal charges for illegally shipping U.S.-made technology to Iran and North Korea.

MR. SCHWARTZ: But President Trump surprised us when he appeared to walk back the punishment for ZTE in a tweet. His tweet read: “President Xi of China, and I, are working together to give massive Chinese phone company, ZTE, a way to get back into business, fast.” So what’s going on here, why the U-turn? Wasn’t the president just railing against China for what he calls unfair trade practices? We put it to The Trade Guys.

Scott, Bill, this morning I walked downstairs and my wife, who, mind you, has her MBA, is a management consultant, is watching the morning shows, and she says to me, what’s going on? President Trump is concerned with making China great again. (Laughter.) He wants to get more jobs into China now. What’s going on here?

MR. REINSCH: Well, it seems like he flip-flopped. And –

MR. SCHWARTZ: All right. So this is Bill talking. Just so you guys get to know The Trade Guys, this is Bill.

MR. REINSCH: This is Bill talking, yes.

MR. SCHWARTZ: You’ll know Bill’s voice.

MR. REINSCH: It seems like he flip-flopped. And it’s an odd place to flip-flop because this is a law enforcement issue. It’s not really a trade policy issue. What happened with ZTE was they sold stuff to the Iranians and the North Koreans –

MR. SCHWARTZ: All right, time out. Time out. What is ZTE?

MR. REINSCH: ZTE is a Chinese company that makes smartphones, among other things.
MR. SCHWARTZ: Cell towers –

MR. REINSCH: Yeah, telecommunications equipment.

MR. SCHWARTZ: Telecommunications, OK.

MR. REINSCH: Yes.

MR. MILLER: They’re the second largest, behind Huawei.

MR. SCHWARTZ: Right. And this would be Scott, the other Trade Guy, you’re hearing now.

MR. MILLER: Yes. Yes. Huawei and ZTE are the two main Chinese firms in the space. It turns out ZTE has a bigger presence in the United States and they have some U.S. components in their products.

MR. REINSCH: And the way U.S. law works is if they have U.S. content in their products, that means we can control their products for export. And if they ship them to people that we deem to be bad guys, which in this case is Iran and North Korea, then they’re subject to U.S. law and they’re subject to penalties.

MR. SCHWARTZ: So they’re using U.S. parts in their smartphones. Is that – is that right?

MR. REINSCH: Yes, yes. Mostly the chips.

MR. SCHWARTZ: Ah, they’re using chips that actually make the phones work.

MR. REINSCH: Yes, exactly.

MR. SCHWARTZ: And then they’re sending our chips inside their hardware to Iran.

MR. REINSCH: Yes.

MR. SCHWARTZ: That’s bad. We don’t like that because that is crossing our sanctions.

MR. REINSCH: It’s against our laws. And because the product has U.S. content, it’s subject to our laws.

MR. SCHWARTZ: Right.

MR. REINSCH: So we impose controls. They not only did it, but they covered it up. And a year ago they got – well, more than a year ago. The investigation has been going on for like three years. But a year ago last April the Commerce Department announced that they had been caught. They paid a nearly $1.2 billion fine, which I think is the largest fine that we’ve assessed in this area in history, and they promised not to do it anymore, and they promised to take some steps internally to punish the people that were guilty of doing this.

MR. SCHWARTZ: OK, so fair enough. They paid the piper. They complied, gave us a pile of money, and we said, OK, you get a second chance.
MR. REINSCH: Not so fast.

MR. MILLER: Yes, not so fast.

MR. REINSCH: Not so fast, yeah.

MR. SCHWARTZ: All right. All right, this is where everybody starts getting confused here, so you guys got to lay this out.

MR. REINSCH: Well, what we discover – what we, the government, discovered more recently is they didn’t do all the things they said they would do; that, instead of punishing some of the people, they promoted them and gave them bonuses.

MR. SCHWARTZ: Promoted their executives who had been the ones who –

MR. REINSCH: Yes, yes, yes.

MR. SCHWARTZ: – abused the law.

MR. REINSCH: Yes.

MR. SCHWARTZ: OK.

MR. REINSCH: And then covered it up. And –

MR. SCHWARTZ: Ah, I see.

MR. REINSCH: And one of the lessons of Washington for those of – those of you that are old, remember Watergate, the coverup is often worse than the crime.

MR. SCHWARTZ: Sure.

MR. REINSCH: So they paid the penalty for the crime. Then they didn’t do what they said they did – were supposed to do. They covered it up. So what the secretary of commerce did this last time around, last month, was he basically denied them the right to export their products based on the American content, which effectively puts them out of business.

MR. SCHWARTZ: OK, so we put them out of business because they abused our – they did not comply with our law. They didn’t do what they said they were going to do. So, OK, so why are we worried about getting them back into business? Now, I – as I understand it, they have about 75,000 employees, so that – it’s not a small company.

MR. REINSCH: No, it’s a huge company. It’s a huge company in China.

MR. MILLER: Yes.

MR. REINSCH: And –
MR. SCHWARTZ: And why are we worried about their jobs? Like, aren’t we worried – aren’t we worried about American jobs?

MR. REINSCH: You have to ask the president.

MR. MILLER: That’s the part that’s confusing. First of all, there are some American jobs involved in this particular transaction because Qualcomm makes the chips. There’s an American firm that makes the antenna. And so there are several components which are U.S. components, which is how they got into this trouble in the first place.

And, second, they are a seller in the United States. So there are many retailers, and retailers would include telephone companies who sell mobile phones who actually sell ZTE products here. So there is American commerce involved, and obviously the fine was insufficient to change the behavior. Now that they’re caught sort of violating what they promised they would do to remedy it, we’re restricting sales in the U.S. market, which is – which is the – which is what puts them out of business.

MR. REINSCH: Well, we’re restricting sales everywhere because we’re telling them they can’t use American components.

MR. MILLER: Yeah. Oh, that’s a better answer.

MR. REINSCH: Which means they can’t make the product, basically.

MR. SCHWARTZ: OK, so – but why all of a sudden does President Trump care about their jobs and putting them back into business, other than the fact that it has some – Qualcomm does gain some benefit from it? It seems to me that this is not a very Trumpian thing to do, no?

MR. MILLER: There are only so many characters in a tweet, so we don’t know the whole story. (Laughter.)

MR. SCHWARTZ: OK.

MR. MILLER: OK? But the – U.S.-China relations are quite complex. There are lots of moving parts.

MR. SCHWARTZ: But Trump said let’s – in the tweet he said let’s “get it done!”

MR. MILLER: Yes, because he has – he has other agendas with the government of China, the U.S. does. On North Korea, China is a party to the armistice. And if there is ultimately a peace agreement, China will be a party to that agreement. So we need them –

MR. SCHWARTZ: We need – we need a happy China for a peace agreement with North Korea.

MR. MILLER: Likewise, we have a number of concerns that have been raised in this Section 301 investigation about intellectual property theft. This is a place where they’re actually using American intellectual property the right way, which is they’re using U.S. components.

MR. SCHWARTZ: China is.
MR. MILLER: China is. So there’s lots of – there’s lots of shades in this particular one. But the facts that the relationship is complex and the tweet is straightforward, there’s a lot that’s missing in the communication, shall we say.

MR. SCHWARTZ: OK, but hold on a second. There’s one constituency we haven’t talked about yet, and that’s Capitol Hill. As I understand it today, lawmakers on both sides of the aisle are not too happy with this, making China great again.

MR. REINSCH: So I hear, for several reasons. One, from a law enforcement point of view, I think they would say it’s an unwise decision, and I’m sure the law enforcement community will say the same thing. This wasn’t about trade policy for the agents that arrested these people; this was about the law. They broke the law. They covered it up. You ought to pay the price. And –

MR. SCHWARTZ: And we need to show that we enforce those laws.

MR. REINSCH: And we need to show that we’re a country that rule of law – we enforce the law. The Department of Commerce has some discretion. They didn’t have to go as far as they did, but what they did was within the law. There’s no question about that. And to walk back on it, I mean, I think my take on the tweet is that it was classic. The president – you know, Xi Jinping called the president, the president smelled a deal.

MR. SCHWARTZ: Yeah.

MR. REINSCH: You know? And the deal – the rumored deal is they’re going to do something on agriculture or they’re going to go ahead with – allow a U.S. acquisition, Qualcomm to acquire a Chinese semiconductor company, which they’ve been stalling on.

MR. SCHWARTZ: So we’re not – we’re not giving them a free pass here. We’re going to get something for –

MR. REINSCH: I imagine so.

MR. MILLER: You would expect that. You don’t know from what’s been revealed so far. But it would be unlikely, given the president’s tactics and his habits, that we’d get nothing out of this.

MR. SCHWARTZ: All right, so let’s table that for a minute. But also, aren’t there concerns that ZTE – and this is some of the concerns in the first place – this is a national security issue; this isn’t a trade issue. People on the Hill and in the national security community are worried that ZTE, like Huawei, could possibly be using these devices to spy inside America, et cetera, correct?

MR. REINSCH: Yes. That’s been a concern that’s been often expressed by the Hill and people in law enforcement, too, that – you know, it’s kind of funny because there are – both sides think that about the other. The Chinese are absolutely convinced that American telecommunication products have backdoors that go straight to the NSA.

MR. SCHWARTZ: Our chips that are going into their phones probably have a backdoor going into –
MR. REINSCH: That’s what they think.

MR. SCHWARTZ: Got it.

MR. MILLER: They think, yes.

MR. REINSCH: They think that, and we think exactly the same thing about theirs.

MR. SCHWARTZ: (Laughs.) So we both think –

MR. REINSCH: There’s a gulf of mutual suspicion here like the Grand Canyon.

MR. SCHWARTZ: – there’s a lot of spying – there’s a lot of spying on each side, and meanwhile everybody’s making money. So why isn’t everybody just happy?

MR. REINSCH: The law –

MR. SCHWARTZ: Again, because they broke the law. I get it.

MR. REINSCH: The law enforcement people are not happy because they broke the law and they’re going to get off the hook. The trade policy people are not happy because basically the message is we can be bought; you know, that it encourages hostage-taking. The Chinese hold up a few things, or anybody holds up a few things; then, if we go after them, they can say, well, you – you know, we’ll give you back your soybeans, we’ll give you back, you know, your merger if you take care of our guys. The trade people think that’s not really the way to conduct negotiations.

MR. MILLER: Yeah. Trade people have been schooled through 70 years of practice at trying to establish neutral rules and managing those rules consistently and transparently that’s the best ways for business to prosper. So they spend a lot of time getting the agreements right, and then they want to stick with those. The president doesn’t really care about the rules. He cares much more about the results of a particular transaction. And this president is probably more transactional than most that we’ve had. So that tension is natural. Most of the Hill – most of the Hill concerns so far that I’ve read – Congressman Schiff, Senator Rubio – were the cyberespionage concerns that we talked about, this mutual suspicion.

MR. SCHWARTZ: Again, this is bipartisan because Schiff is a Democrat and Rubio is Republican.

MR. MILLER: Correct.

MR. SCHWARTZ: So both sides of the aisle are concerned about national security.

MR. MILLER: Well, they’re not worried about – so much about the law enforcement yet. They’re not worried about the trade rules problem. They’re worried about the cybersecurity and cyber threat.

MR. SCHWARTZ: The cyber threat.

MR. MILLER: Yeah.
MR. REINSCH: Now, there is another point of view that I have to point out – I just heard it today at lunch – which was a member of Congress saying look at it from a competitiveness point of view, not a trade policy point of view. And from a competitiveness point of view, what will probably happen – if we stick with the punishment, what will probably happen is the Chinese will develop their own chips to replace the Qualcomm chips.

MR. SCHWARTZ: Because they’re just going to reverse-engineer our chips.

MR. REINSCH: And put the company back in business with their products and not with our products, which will put them outside our control and means our guys won’t get the revenue from the sales, and they’ll be able to go back to selling.

MR. SCHWARTZ: So maybe the president is thinking we’d better get our deal now, before they can do that.

MR. REINSCH: Well, that would be – that would require awfully sophisticated thinking on his part, but that’s the suggestion, yes.

MR. SCHWARTZ: OK. Well, he’s got some sophisticated thinkers around him. He himself, as you said, is transactional. He’s a good dealmaker. This brings up a larger discussion that you both alluded to, is that ZTE now is a bargaining chip that’s going to be used between the United States and China to possibly mend our trade relations.

MR. MILLER: I think that’s right. It at least has shown itself to be one so far. It’s a flawed example, but most company-specific issues are flawed. They’re incomplete in terms of whether they really solve a problem or not, whether the solution hangs for more than 24 hours. So there’s a lot of moving parts here. But, yes, this is an element of what we have, a relatively transactional executive trying to accomplish a fairly complex game and make some moves in it that he hasn’t fully disclosed.

MR. SCHWARTZ: OK. But China today said they’re going to send a very high-level delegation. Today’s Monday, and they’re sending a very high-level delegation this week to Washington to meet with Treasury Secretary Mnuchin and other high-level officials in the – in the Trump administration. What do you expect to happen there? And how does that relate to this?

MR. REINSCH: I’m not sure we agree on that. I’ll do my hypothesis and then Scott can tell me why I’m wrong.

MR. SCHWARTZ: All right. So this is Trade Guy Bill. Here we do.

MR. REINSCH: Yeah, this is Bill talking. I think what they will do – if not this round then the third round, because there will be a third round – if they’ll offer some market-access concessions. They’ll probably offer to lower the car tariff, because he cares about cars. Maybe they’ll offer to buy more planes. They’ll probably offer to buy more chips, ironically. And then they’ll wait and see what we do. And as near as I can tell, the administration is divided internally. I think some of the president’s advisors want him to take that and run, you know – good deal, we sell more stuff, the deficit goes down, more cars. You can go back to Detroit and say I –

MR. SCHWARTZ: This would be Mnuchin?
MR. REINSCH: That would be one of them, yes.

MR. SCHWARTZ: OK.

MR. REINSCH: And I hear also Larry Kudlow, possibly.

MR. SCHWARTZ: OK. The president’s chief economic advisor.

MR. REINSCH: Yes. I think Ambassador Lighthizer, the U.S. trade representative, and Peter Navarro, the president’s trade advisor, I guess –

MR. SCHWARTZ: White House trade advisor.

MR. REINSCH: Yes. They would prefer to stick with the 301 script that we’ve talked about, which is to focus on Chinese intellectual property theft, forced technology transfer, discrimination against American companies in China, and really bear down on those issues and try to get an agreement that persuades the Chinese not to do that anymore.

MR. SCHWARTZ: To stop their predatory practices.

MR. REINSCH: Yes, yes. Which is very different from selling them more cars.

MR. MILLER: Yeah, this is a tradeoff, OK, and I think Bill’s right in describing it that way, because you have a group in both China and the United States administrations who want, as the Chinese used to call them, tweetable deliverables, OK? They want to get something tangible in the agreement. There is another group –

MR. SCHWARTZ: Did they invent “tweetable deliverables” for this president, or?

MR. MILLER: They did. They did.

MR. SCHWARTZ: OK.

MR. MILLER: It came out of the first Mar-a-Lago meeting. That was –

MR. SCHWARTZ: Got it, OK.

MR. MILLER: OK. So this is – this is something they like, and both parties seem to work on that basis. There is a bigger set of problems with China, ones that this administration has identified to a great extent in the 301 process. It has not yet identified exactly what we’d like China to do to change its behavior, but that’s a much longer-term sort of in-the-weeds project. And so I think you do have this division. You probably have a similar division in the business community, which would like to solve some of these long-term market competition and contestability practices and intellectual property theft.

MR. REINSCH: But doesn’t want to have a trade war.

MR. MILLER: But doesn’t want a trade war, right.
MR. SCHWARTZ: Most people who are listening to this podcast know what the 301 process is. But can you guys just tell us in a couple words what it is?

MR. REINSCH: The law provides for the U.S. trade representative to initiate an investigation looking into – what are the – what are the buzzwords?

MR. MILLER: Unfair practices.

MR. REINSCH: Unfair, unjustifiable, and –

MR. MILLER: Discriminatory.

MR. REINSCH: – discriminatory practices by other countries. You take up to a year to do that, you deliver the report, and then the law gives him wide flexibility in imposing remedies.

MR. SCHWARTZ: And, Bill, when you were in government, you were undersecretary of commerce. You were in charge of this process, correct?

MR. REINSCH: No, USTR does this particular process.

MR. SCHWARTZ: OK. But so you were involved in this process to some degree.

MR. REINSCH: Yes. It’s kind of fallen out of favor because – I mean, one of the reasons that it’s back is because Ambassador Lighthizer, who was last in government in the 1980s, was a big fan of it then.

MR. SCHWARTZ: OK.

MR. REINSCH: And then we didn’t have a dispute settlement process in the World Trade Organization that was as effective as the current one, so you could do that and you could squeeze other countries and get away with it.

MR. MILLER: Subsequent administrations, who put a lot of effort into the design of this dispute settlement mechanism at the WTO, wanted to see it succeed. And so instead of using 301, which is still in the law –

MR. REINSCH: Which is unilateral.

MR. MILLER: – is unilateral – they chose to take disputes to this forum that they’d helped create and show that it could work. So that was – really, it’s an administration priority call. And it seemed to be OK and had some fairly good success, at least for the cases the U.S. brought, to be able to resolve some unfair practices. But this current team is going back to a prior era where there was much more focus on the leverage the United States could bring to bear on a single trading partner.

MR. SCHWARTZ: So what do you think is going to happen to ZTE? And then what do you think is going to happen in terms of our ongoing negotiations with China on the larger trade issues?
MR. REINSCH: ZTE, my guess is, thanks to the president’s tweet, they get partially off the hook. There will be – they won’t get off the hook entirely because they really did a bad thing.

MR. MILLER: But they don’t go out of business.

MR. REINSCH: They don’t go out of business. There will be some workaround that will allow them to stay in business. Maybe they’ll pay more money. Maybe they’ll have more intrusive auditing and inspections to make sure they’re not cheating again. The president gets something, maybe more soybeans or whatever it is that they’re going to negotiate. We don’t know.

MR. SCHWARTZ: He gets leverage, too.

MR. REINSCH: Well, eh, maybe.

MR. MILLER: We’ll see.

MR. REINSCH: I think both sides get leverage. I mean, the Chinese have been accumulating leverage because, you know, they’ve stopped buying soybeans. They’ve launched a dumping case against sorghum, which is another feed grain. They’ve announced they’re going to inspect, I think, what, 40 percent of the pork shipments that come into China instead of 10 percent.

MR. MILLER: Which means they’ll get rejected, yeah.

MR. REINSCH: Which means they’ll get rejected. I mean, they’re doing a lot of little things without making big announcements out of it that make our lives very uncomfortable. Both sides are accumulating leverage.

We have a discussion. The way the president has structured this administration, he makes these decisions, you know. I think he’s going to have advisors coming in, telling him to do opposite things. Mnuchin’s going to say take the cars and the chips and run. And Lighthizer’s going to say, no, no, this other stuff is much more important. He’ll make a decision. I would say 55/45 he goes with Lighthizer.

MR. SCHWARTZ: What about you, Scott?

MR. MILLER: I think it’s pretty close to a coin toss. I’m not far off from Bill. But I think he’s – he has passion for the immediate result, and so I think he’ll take the chips and the soybeans and not what Ambassador Lighthizer’s recommending.

MR. SCHWARTZ: What does this mean for the future of our law enforcement when it comes to trade?

MR. REINSCH: I think it’s a bad signal because it’s telling the cops – and I mean, I used to run the people – I used to run the bureau that enforced against ZTE, so I know these guys, you know, and they’re cops. They carry guns. They wear badges. They’re sworn federal agents. I think it’s got to be demoralizing for them. I mean, they worked very hard on this case, from their point of view, and they – it’s a fair point that cops tend to see things, I think, a little more black and white than policy wonks. But, you know, these are bad guys, and they caught the bad guys, they punished the bad guys, and now they may get off the hook. And I think the message for law enforcement is very discouraging.
MR. SCHWARTZ: And the bad – and the thing the bad guys did, again, was sell U.S. products to Iran, so this is not a small infraction.

MR. REINSCH: No. A lot of – and a lot of – I’m glad you brought that up, because in this world a lot of infractions are technical, you know.

MR. SCHWARTZ: Right.

MR. REINSCH: They didn’t fill the form out right or something like that. This was serious. This was actual important stuff that went to our adversaries.

MR. MILLER: Yeah. There are foot faults in this business. This was not one of them.

MR. SCHWARTZ: So, then, what does it mean for our trade negotiations? So you guys talked about what’s going on between the U.S. and China this week and a little bit beyond, but what does it do to our trade agreements in the future? What are we going to do here with this?

MR. MILLER: Well, look, this administration has shown, I think, disdain for existing trade agreements. They’ve really shown that they are pretty disinterested in the set of – sort of the rules-based order that came out of the GATT in 1947, the post-World War II Pax Americana. They really don’t have much interest in promoting that. They’re much – they in some respects act as if rules are for chumps and they’d rather just go get the result where they have the most leverage and act on it. So I think that’s going to be the state of affairs for this administration. We’ll see how well it succeeds. So far, it’s popular. We’ll see.

MR. REINSCH: It’s a – yeah, everything, you know – everything has a price. Everything is for sale. And I just did – a commercial – my column out today talks about this; sort of suppose he’s right, you know?

MR. SCHWARTZ: Yeah.

MR. REINSCH: And I think he’s right in the sense that this can produce short-term –

MR. SCHWARTZ: Suppose he’s right, meaning Trump.

MR. REINSCH: Yeah, yeah, yeah. Suppose he’s right. This could produce short-term benefits, you know. Maybe we’ll sell them more cars. Maybe they’ll buy more planes, you know? There are these short-term things. There are long-term consequences that are not being taken into account, and Scott enumerated them. There’s damage being done to the trading system in this and we look like an unreliable partner.

MR. SCHWARTZ: And so what – OK. Ultimately, this is a lot of Washington stuff we’re talking about here. How does it get down and –

MR. REINSCH: Well, we live here, Andrew. (Laughter.)

MR. SCHWARTZ: We do. We do live here.

MR. MILLER: Give us a break.
MR. SCHWARTZ: No, no, I got – I got that. (Laughs.) But I mean, you know, how does this affect the American people?

MR. REINSCH: Well, I think it depends in part on the deal cut. There will be some happy farmers, probably. I mean, short term, it helps. We’ll sell – they’ll sell them more stuff. They won’t do some things to us that would have been bad. Long –

MR. SCHWARTZ: Short term it helps if what?

MR. REINSCH: If we cut a – if we make a deal.

MR. SCHWARTZ: If we make a deal with China.

MR. REINSCH: If we – long term, I think what it does is what Scott was talking about earlier. It erodes the multilateral trading system. It erodes the rules that we all adhere to, and it makes it easier for countries in the future to break the rules and then try to cut some side deal with us to get off the hook.

MR. MILLER: And every company that any consumer buys products from operates in a world where those rules are reliable and they – and they can plan their business based on that. That lowers cost. That increases availability. But much as fish don’t really know they’re in water, people who are conducting commerce internationally don’t really think day to day about those rules. The fact is, when they don’t exist, things get worse for both buyer and seller. And we’ve known about bad consequences from trying to, you know, manage trade at relatively high levels deal by deal.

MR. SCHWARTZ: All right. So we started this out with a bit of a joke, make China great again. How does any of this fit into the president’s campaign promises to make America great again?

MR. MILLER: Look, I think he shows that he is highly active in this space. He’s always got something to talk about. He’s always working on it. And I think that’s why, in the tweet that – one of the tweets that came out, he basically said be cool, we’ve got this thing handled, that his message through the Twitter feed is he’s paying personal attention to this, he’s involved personally in what’s going on. And so I do think that is part of his persona and part of his appeal to his supporters.

MR. SCHWARTZ: So farmers may be happy. What about workers, other workers?

MR. REINSCH: He will get – he will get something that will allow him to go back to Detroit or Akron or Pittsburgh and say I got you more steel, I got you more cars, I got you more of something that he’ll brag about. And that’s – for him, that’s the focus; let’s – you know, more sales so he can go back to the people that he thinks elected him president – and he’s probably right about that – in those states, say I did this for you. And you can be sure the deal will contain something like that.

(Music plays.)

MR. SCHWARTZ: Trade Guys, this is really interesting. To be continued. I know we’re going to be talking a lot about the U.S. and China and the ongoing trade negotiations. So thanks for today.
MR. MILLER: Thank you.

MR. REINSCH: Thank you. Stay tuned.

MR. SCHWARTZ: To our listeners, if you have a question for The Trade Guys, write us at TradeGuys@CSIS.org. That’s TradeGuys@CSIS.org. We’ll read some of your emails and have The Trade Guys react to it.

You’ve been listening to The Trade Guys, a CSIS podcast.

(END)