

Global Economy**Déjà Vu at the G20?**

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In November 2018, just before the last meeting of the G20 state leaders in Buenos Aires, the focus was placed on whether a communiqué would be issued (there was no such communiqué for the previous G7 summit) and if the meeting between the leaders of the USA and China would avoid a trade war. Almost eight months later at the same summit, but this time in Japan, there could be a sense of déjà vu of last year's summit in Argentina: doubts about the communiqué and "excitement" about the handshake that opens the door to a trade truce between the USA and China.

The communiqué is difficult to accomplish, so much so that those issued by the G20 in recent years reveal more by what they do not say -the disagreements- sometimes just a vague "we take note of." When increased tariffs and trade retaliations between the USA and China are some of the main global risks, we might notice a lack of criticism of protectionism, as we saw in Buenos Aires last year. There was no mention of protectionism or opportunist trade policies, in order to get China and the USA to sign.

Last weekend's meeting of finance ministers and governors of central banks anticipated this lack of definition and did not make a call to strengthen the multilateral trade governance. On a positive note, the communiqué reiterates the role of domestic policies in external imbalances and that these include the goods trade, but also services and income, something that can be interpreted as a veiled criticism of US mercantilistic approach to trade.

Regarding the possibility of a new trade truce between the USA and China at the G20, uncertainty is high, hanging on a tweet, as in Buenos Aires but the starting point is not the same. Between then and now, the earlier truce was broken, subsequent negotiations have failed and we have entered into a new stage of retaliation that goes beyond trade and that reflects the strategic rivalry between the two economies.

If this US strategy change reflects the belief that the best approach with China as a rival would be to start lifting barriers that favor the decoupling between both economies, then we would enter into a new scenario. This new situation would mean the weakening of global value chains, as shown by the recent difficulties of technology companies to access the rival's internal market. If this happens, this déjà vu wouldn't be with the previous G20 meeting, but with periods of the last century where bloc politics dominated the global scene.

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