

## US trade

### US prepares to slap tariffs on \$50bn in Chinese goods

Trade move comes as Trump administration seeks Beijing's support for North Korea talks



The Trump administration decided to delay a tariff announcement until after his summit with Kim Jong Un © AFP Shawn Donnan in Washington JUNE 13, 2018

The **Trump** administration is preparing to impose tariffs on up to \$50bn in imports from **China** within days even as it continues to solicit support from Beijing to maintain tough sanctions against **North Korea**.

The White House last month said it would release this Friday a list of products imported from China to be targeted for tariffs in retaliation for what it says is Beijing's systematic theft of US intellectual property. The move came despite China's pledge to buy some \$70bn in US farm and energy exports as part of talks between the world's two largest economies aimed at avoiding a trade war.

The tariffs were delayed until after President Donald Trump's Singapore summit with North Korea's Kim Jong Un this week as Washington solicited China's help in bringing North Korea to the negotiating table. Even releasing the list is seen by China as a provocative gesture and officials in Beijing warned on Thursday that they would have no choice but to retaliate if Washington went ahead with the tariffs.

"The first choice is co-operation and mutual benefit. The other choice is confrontation and mutual loss. China chooses the first. We hope the US side can also make the same wise choice," State Councillor Wang Yi told reporters during a joint press conference with Mike Pompeo, the US secretary of state. He also warned that Beijing had made preparations to respond with its own tariffs if the Trump administration chose to go down that path.

Senior US officials, however, had already agreed to do exactly that, and were preparing to begin imposing the 25 per cent tariffs soon after the new list is released, with some duties possibly taking effect immediately on Friday, according to people briefed on the preparations.

The administration would have up to 30 days to impose tariffs under the law being used, but officials are determined to move more quickly, the people said, though the duties on some of the new products added to the list could be delayed during a public comment period.

The decision to proceed was made by cabinet officials before Mr Trump travelled to last weekend's contentious G7 meetings in Quebec and on to Singapore. As a result, people briefed on the discussions cautioned that the president, who has been eager to present the summit as a success, might decide to delay any rollout of new tariffs against Beijing — an outcome they said Mr Pompeo supports.

In comments this week, Mr Trump has said he was preparing to take tough action on trade against China but stopped short of declaring that he would be going ahead with the tariffs. In a Fox News interview broadcast on Wednesday, the president said he would be "very strongly clamping down on trade" with China "over the next couple of weeks".

People briefed on the discussions said Mr Trump has been pushing for the tariffs for months. As a result, said one person familiar with the White House discussions: "It would be the height of irony, the irony of ironies, if the president having so long wanted tariffs and been constrained by members of his cabinet . . . now decided to go against his cabinet and to put them on hold."

The person said US trade representative [Robert Lighthizer](#) and his aides believed "it's time to rip the band aid off and get on with it". Mr Lighthizer's office and the state department declined to comment.

Speaking in Washington on Thursday, Gary Cohn, Mr Trump's former top economic adviser, said he backed tough action against China to force change in its practice of stealing US intellectual property. "We need to enforce rule of law," Mr Cohn told a Washington Post event.

But he also said he was concerned that tariffs could help provoke the next US recession. "If you start putting tariffs on products consumers buy, they're going to buy less products," Mr Cohn said. "They're going to have to make tough decisions. Or they are going to go into further debt. We've seen what happens when consumers go into debt. It doesn't end well."

The Trump administration is also preparing new restrictions on Chinese investment in the US and export controls on sensitive products, which it is expected to present on June 30.

But according to people briefed on those preparations the new limits have been the source of a contentious inter-agency debate. Officials at the commerce department have resisted efforts by China hawks in the administration to target “industrially significant” products for export controls, arguing that would be far broader than the current designations on national security grounds and would as a result be open to legal challenges from affected companies.

That resistance, people briefed on the discussions said, had led to commerce officials being excluded from the process. A commerce department spokesman, however, said officials there were still working with other agencies on the list of products to be targeted for export controls.

The moves come as the White House is fending off a bid by some in Congress to force it to unwind a controversial \$1.4bn settlement with Chinese telecommunications company [ZTE](#) following Mr Trump’s intervention on its behalf.

Mr Trump has said his Chinese counterpart, [Xi Jinping](#), personally requested that the US re-examine a ban on ZTE’s sourcing of US parts, which was imposed after it was caught breaking the terms of an earlier settlement for violating US sanctions against Iran and North Korea. But the president has faced a bipartisan rebellion in Congress, where critics have called lifting the ZTE ban an unnecessary concession to Beijing and have attached a provision to restore it to a military funding bill.

The White House on Wednesday said it would work with congressional leaders to remove the ZTE provision from the defence appropriation bill, claiming it would impinge on the law enforcement powers of the commerce department.

*Additional reporting by Barney Jopson in Washington*

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