



BUSINESS NEWS

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U.S. lawmakers, industry fret over Trump's China trade deal eagerness

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WASHINGTON (Reuters) - President Donald Trump's decision to delay a steep tariff hike on Chinese goods as he touted progress in weekend trade talks was greeted with a mixture of relief and dread among U.S. industry groups and lawmakers on Monday.

FILE PHOTO: U.S. Senate Judiciary Committee Chairman Senator Chuck Grassley (R-IA) smiles as he discusses the confirmation vote for U.S. Supreme Court nominee judge Brett Kavanaugh as he exits the Senate floor on Capitol Hill in Washington, U.S., October 5, 2018. REUTERS/Yuri Gripas

Some expressed concerns that after nearly eight months of tit-for-tat tariffs roiling global financial markets, disrupting manufacturing supply chains and shrinking U.S. farm exports, Trump could end up settling for a deal that increases commodity sales to Beijing while doing little to change China's underlying trade practices and industrial policies.

Trump announced the delay on Sunday, without giving specifics, after his top trade negotiator, Robert Lighthizer, and Chinese Vice Premier Liu He wrapped up seven days of "very productive talks."

Tariffs on \$200 billion worth of Chinese imports had been set to rise to a prohibitive 25 percent from the current 10 percent if no deal was reached by Friday.

"Glad 2 hear that Pres Trump won't be increasing tariffs on China March 1 but I hope Lighthizer/Trump won't take a half deal as a good deal," tweeted Senator Chuck Grassley, the Republican chairman of the trade and tax-focused Senate Finance Committee.

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"We need to have legitimate structural changes & enforcement w China or else they will continue cheating & stealing our IP/trade secrets," said Grassley, who is from Iowa, an state hard hit by China's retaliatory duties on U.S. soybeans.

The Trump administration has been pressing China for specific commitments for sweeping changes to protect intellectual property rights, end cyber-theft of trade secrets and practices that coerce U.S. companies to turn over technology to Chinese firms.

The United States also wants to curb Beijing's industrial subsidies, which Washington says fuels excess production.

In his Feb. 5 State of the Union address, Trump said a China trade deal “must include real, structural change to end unfair trade practices, reduce our chronic trade deficit, and protect American jobs.”

But as the March 1 deadline drew closer, Trump appeared increasingly eager to make a deal, saying on several occasions that he might extend the deadline, causing concerns among trade watchers that he was eroding Lighthizer’s leverage in the talks.

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“Trump has clearly put his negotiators on notice that he wants a deal,” said Eswar Prasad, a trade professor at Cornell University and former head of the International Monetary Fund’s China department.

“This raises the chances of a deal but makes it harder for the U.S. to pressure China into making significant concessions related to its industrial and economic strategies.”

Trump has issued positive but cryptic statements and tweets about the delay and the nature of progress made at the weekend, saying that a deal with Beijing is “very, very close” and talking about a “signing summit” with Chinese President Xi Jinping.

Farmers “will be treated better than they have ever been treated before!” if a deal is made, he tweeted.

While some industry groups, including the Retail Industry Leaders Association, cheered the delay for averting price increases on thousands of consumer goods, others simply called the delay “encouraging.”

National Association of Manufacturers chief executive Jay Timmons urged Trump to press ahead “with a rules-based agreement that ends (China’s) intellectual property theft and other significant unfair trade practices.”

FILE PHOTO: Jay Timmons, President and CEO, National Association of Manufacturers, speaks at 2017 SelectUSA Inve...

Democrats in Congress were more pointed, saying Trump should be prepared to walk away from a bad deal.

“China’s forced technology transfers and IP theft practices are unfair and must be addressed,” said Representative Earl Blumenauer of Oregon, the new Democratic chairman of the House Ways and Means trade subcommittee.

“A simple commodities sales agreement does nothing to fix these problems,” he added in an emailed statement to Reuters.

Lighthizer, who has been arguing for a tougher U.S. stance on reforms to the Chinese economy for years, will update lawmakers on the progress of the talks when he testifies before the Ways and Means committee on Wednesday.

Additional reporting by Chris Prentice in New York and Rajesh Kumar Singh in Washington; Editing by Sonya Hepinstall

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