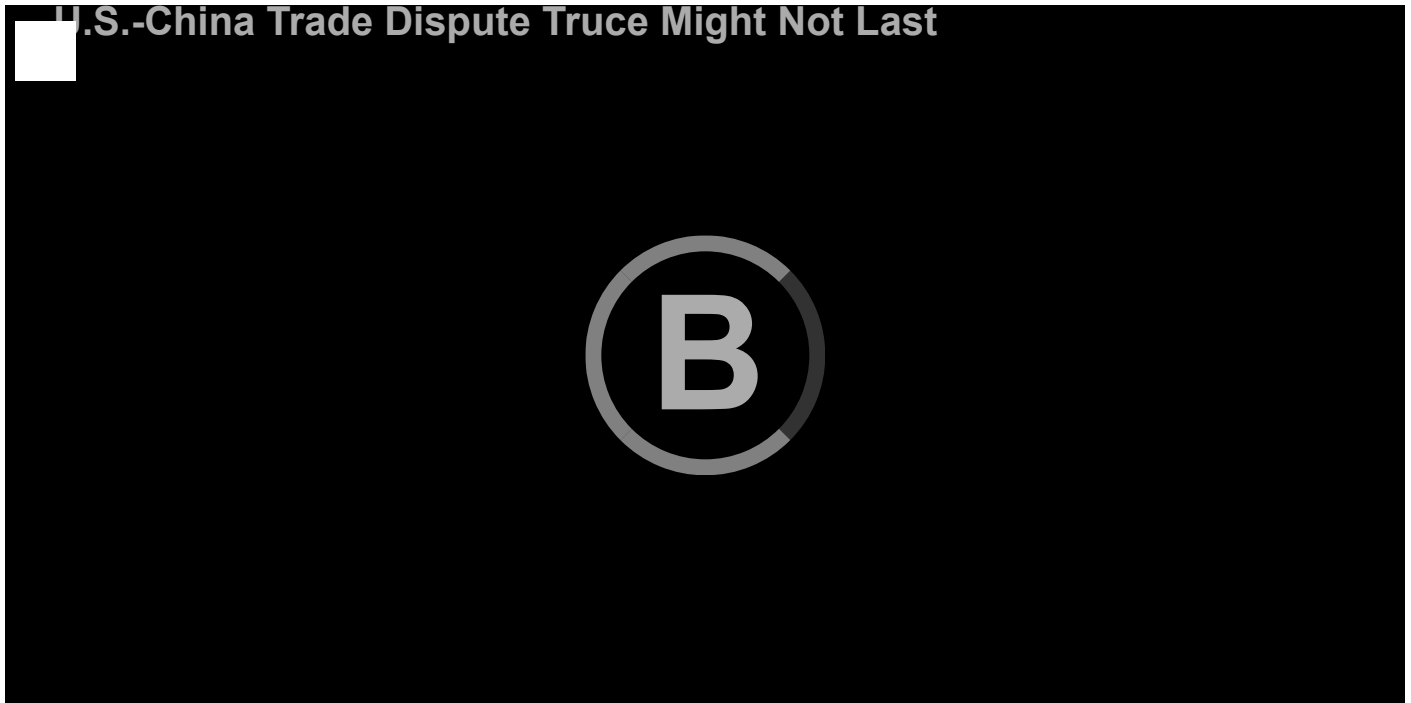


Politics

# Trump's Backtracking on Chinese Tariffs Prompts Hope and Despair

By [Jenny Leonard](#)

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Bloomberg's Cirilli explains why there are concerns the truce in U.S.-China's ongoing trade spat might not last.

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President Donald Trump's trade truce with China was met with a mixed bag of reactions, from farm country breathing a small sigh of relief to China hawks in Congress sounding alarms.

Over the weekend, the world's two largest economies averted escalating a trade dispute by backing off their threats to impose tariffs as they try to re-balance commerce. While the easing of tensions boosted stocks, the dollar and oil prices early Monday, critics warn the Trump administration has squandered its chance to force meaningful economic reforms from Beijing.

Below is some of the reaction to Treasury Secretary Steven Mnuchin's declaration that the U.S. is putting the trade war [on hold](https://www.bloomberg.com/politics/articles/2018-05-20/u-s-china-trade-truce-may-prove-fleeting-without-serious-reform) .

**Politicians**

Senator Chuck Grassley, a Republican from the agriculture-heavy state of Iowa, said on Twitter there was a “little bit of light at the end of the tunnel on Chinese U.S. trade fight.”

Senator Chuck Grassley *Photographer: Andrew Harrer/Bloomberg*

Republican Senator Marco Rubio, who has co-sponsored a bill that would ban Chinese telecom-equipment maker ZTE Corp. from federal government contracts, said on Twitter that “China is

winning the negotiations.”

“Their concessions are things they planned to do anyways. In exchange they get no tariffs, can keep stealing intellectual property & can keep blocking our companies while they invest in the U.S. without limits. If we are desperate for a deal China is going to kills us in negotiations,” Rubio said.

Hardliners on the Democratic side also bashed Trump for what they see as letting China off the hook and failing to address the root problems.

“As I’ve always said, when it comes to being tough on China’s trading practices, I’m closer to Trump than Obama or Bush,” Senate Minority Leader Chuck Schumer said in a statement. “But the president and his team have to stick with it, be strong, and not sell out for a temporary purchase of goods without addressing the real issue: the theft of American intellectual property which will cost us millions of American jobs in the long run.”

Senator Ron Wyden, the Democratic ranking member on the Finance Committee which oversees trade, said the administration “delivered little more than broken promises.”

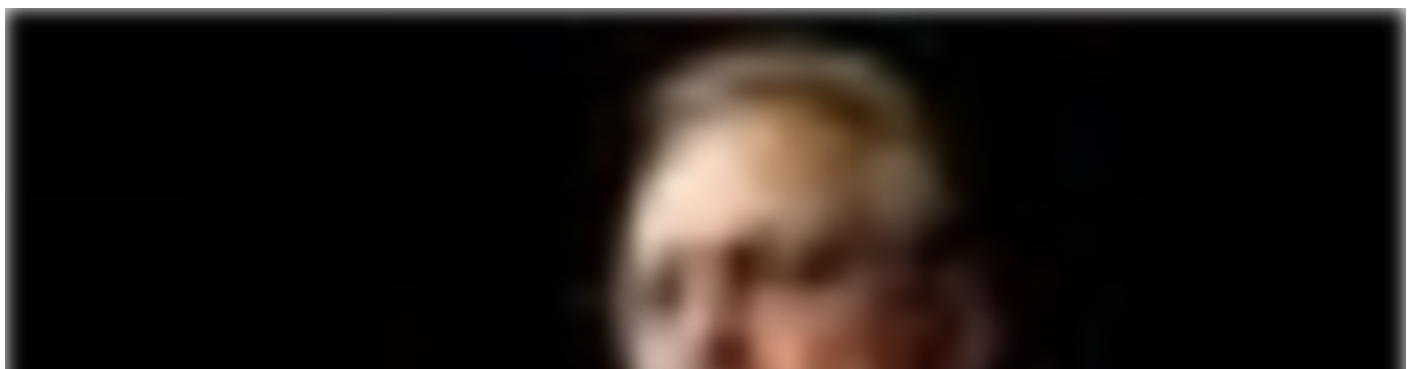
“After all the tough-guy rhetoric, the administration is simply getting rolled on trade with China.” Wyden said. “Is the president now ready to declare mission accomplished on trade?”

Democratic Representatives Rick Larsen and Gregory Meeks, who co-chair the pro-trade New Democrat Coalition, said they were relieved the tension were calming but faulted what they called “this administration’s weakness in diplomacy by allowing China to buy their way out instead of making real reform.”

## **Business**

The Information Technology Industry Council, a lobbying group that represents companies including Amazon.com Inc., Apple Inc. and Facebook Inc., called the developments “a sign of progress.”

“We are hopeful, and strongly encourage both sides to build on that positive step by addressing persistent issues regarding data transfer, cloud services restrictions, and discriminatory regulations and standards in order to level the playing field,” said Jose Castaneda, the council’s communications manager.





Dan DiMicco *Photographer: Jeffrey Camarati/Bloomberg*

Dan DiMicco, former chief executive officer of steel company Nucor Corp. and member of the administration's transition team, was far more pessimistic.

“Chinese r laughing at us again. They have never delivered on 1 promise in the past. Appeasement is the devils friend. Now we get to export our natural resources like an island nation. Soil & Water via agriculture. Energy instead of value added mfg products,” he tweeted, telling Mnuchin to “wake up.”

Farmers for Free Trade, an umbrella group that includes the American Farm Bureau and the National Association of Wheat Growers, applauded the progress, with a few caveats. Those included seeking assurances that farming groups are represented at the negotiations with China.

“There is still an enormous amount of work that must be done to take this agreement from concept to reality and to deliver certainty and stability to farmers and ranchers,” said the group's executive director, Brian Kuehl.

## **Economists**

Moody's Analytics Chief Economist Mark Zandi, speaking on CNBC on Monday, said the U.S. and China are kicking their issues down the road because they don't know what they want.

Mark Zandi *Photographer: Chris Goodney/Bloomberg*

“It’s a lose-lose. There are no winners here. This is face-saving, because clearly they’re not going to come to terms on anything -- at least, not in the near term,” he said.

The truce is “little more than a brief de-escalation of tensions,” said Eswar Prasad, a trade policy professor at Cornell University and former head of the International Monetary Fund’s China unit. “The fundamental differences on trade and other economic issues remain unresolved.”

Victor Shih, a professor at the University of California San Diego who studies Chinese politics and finance, said it’s hard to imagine a significant reduction in the U.S. trade deficit with China.

“Even with a drastic reallocation of Chinese imports of energy, raw materials and airplanes in favor of the U.S., the bilateral trade deficit may reduce by \$100 billion,” said Shih. “A \$200 billion reduction would mean a drastic reduction in Chinese exports to the U.S. and a dramatic restructuring of the supply chain.”

– *With assistance by Alan Bjerga, Andrew Mayeda, and Laura Litvan*

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