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# *Trump Undermines Top Trade Adviser as He Pushes for China Deal*

By **Ana Swanson**

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WASHINGTON — President Trump has signaled that he is moving toward peace with China in a trade standoff that has rattled markets and businesses globally. But as he backs off his threat to impose higher tariffs, the president's relationship with his own trade negotiator is now showing signs of strain.

The situation has left Mr. Trump's trade representative, Robert Lighthizer, who is both an ardent supporter of the president and a longtime China critic, in an uncomfortable bind. While broad tariffs on Chinese imports brought Beijing to the negotiating table, Mr. Trump has grown impatient with the talks, and a consensus is growing in Washington that Mr. Trump will ultimately accept a weak deal.

And despite the lack of a transformative arrangement he once promised, the president has begun dangling the idea of a "signing summit" with President Xi Jinping of China at Mar-a-Lago, Mr. Trump's Florida resort. As a result, the president is undermining Mr. Lighthizer as he tries to pressure China to make big concessions.

"Trump is certainly doing his negotiating team no favors by undercutting them in public," said Eswar Prasad, a trade expert and the former head of the China division of the International Monetary Fund. The president's actions, he said, "weakens rather than fortifies Lighthizer's leverage."

On Wednesday, Mr. Lighthizer will testify before House lawmakers, where he will have to credibly defend a pact that is shaping up to be less ambitious than he might have hoped.

Mr. Lighthizer has publicly expressed solidarity with the president's goals, and those who know him say he remains loyal to Mr. Trump. In private, however, he has been frustrated by the president's superficial understanding of the trading relationship with China and his tendency to jump unpredictably into the fray, friends and contacts say.

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American and Chinese negotiators have wrestled over trade terms in rounds of talks over the past year, including in Washington last week. Chinese negotiators have largely repackaged old promises about opening their markets to foreign companies and offered large purchases of American products that are designed to impress a president who is focused on reducing the bilateral trade deficit.

The Chinese have so far declined to make the concrete commitments to reform their economy that the administration has demanded, including ending China's practice of subsidizing companies, engaging in cybertheft and forcing American companies to hand over intellectual property to Chinese partners in order to do business there.

Mr. Trump continues to insist that any deal with China will end "unfair" trade practices, including what he has said is theft of American technology and intellectual property. And negotiators are trying to insert an enforcement mechanism into any deal that would require China to return to the bargaining table if it fails to make these structural changes, a person familiar with the talks said.

But the hardened position that prompted Mr. Trump's unprecedented imposition of sweeping tariffs on Chinese goods appears to be weakening, giving Beijing more room to maneuver and undermining Mr. Lighthizer's goal.

On Sunday, citing "substantial progress" in trade talks, Mr. Trump backed off his March 1 deadline to impose higher tariffs on \$200 billion worth of Chinese goods. That date had been described by Mr. Lighthizer in December as a "hard deadline" and was viewed as critical to getting Beijing to agree to significant changes since its economy, already hurting from tariffs, would suffer more from higher levies.

Last week, Mr. Trump contradicted Mr. Lighthizer by lumping the fate of Huawei, the Chinese telecom giant facing criminal charges, in with the trade talks. Mr. Lighthizer had insisted that Huawei was "entirely a criminal justice matter" and that it had "nothing to do with anything I'm working on." But on Friday, when asked whether criminal charges against Huawei could be dropped as part of an agreement, Mr. Trump said: "We'll be talking to the U.S. attorneys. We'll be talking to the attorney general. We'll be making that decision."

"His intervention has now ratcheted up the pressure on both sets of negotiators to find a path to an agreement in the coming weeks, even if the result should be a narrow and short-lived agreement," Mr. Prasad said.

The differences between the two men mounted on Friday, as they shared a remarkable exchange in front of the press and the Chinese delegation over whether to call the current trade agreement a memorandum of understanding, or M.O.U., as Mr. Lighthizer had been doing.

"I don't like M.O.U.s because they don't mean anything," Mr. Trump told Mr. Lighthizer. "I think you're better off just going into a document. I was never a fan of an M.O.U."

Mr. Lighthizer interjected to explain that, in trade negotiations, an M.O.U. is a typical term for a detailed contract between two parties.

“It’s just called a memorandum of understanding,” he said. “That’s a legal term.”

Mr. Trump, seemingly unhappy with being contradicted, cut back in.

“By the way, I disagree,” the president said. “I think that a memorandum of understanding is not a contract to the extent that we want.”

“To me, the final contract is really the thing, Bob — and I think you mean that, too — is really the thing that means something,” the president added.

Mr. Lighthizer quickly reversed course. “From now on, we’re not using the word memorandum of understanding anymore,” he told Mr. Trump and his Chinese counterparts. “We’ll have the same document. It’s going to be called a trade agreement. We’re never going to use M.O.U. again.”

“I like that much better,” Mr. Trump said.

By Sunday night, the president seemed eager to heal any rift. Speaking from a dinner at the White House, the president commended Mr. Lighthizer for working around the clock to secure a deal with China.

“When I was able to be lucky enough to win the presidency, I called Bob Lighthizer, because for years people have known he’s the greatest trader that we have on this type of trade — we have many different types of trade — and I really understand now why,” the president said.

With the Chinese now making only vague concessions on structural reforms, Mr. Lighthizer would prefer to stay tough and let the bite of American tariffs persuade them to make bigger promises. While he has shared with Mr. Trump the view that the Chinese are not ready to make significant concessions, the president has continued to press for a deal.

Jeff Emerson, a spokesman for the United States trade representative, denied that Mr. Lighthizer had ever been frustrated with the president, saying that he and Mr. Trump were in complete agreement on the negotiating strategy with China.

“President Trump has never insisted that Ambassador Lighthizer make a deal with China and has instead told Ambassador Lighthizer he is interested only in making a ‘great deal’ with China that addresses structural issues,” Mr. Emerson added. “Anyone claiming otherwise either does not know what they are talking about or is deliberately pushing falsehoods.”

Mr. Lighthizer is well respected in Washington, with decades of experience in private legal practice and government, including leading trade talks with Japan in the 1980s. In trying to pin down the Chinese on making ambitious reforms to their economy, he has an unenviable task.

Many business groups and China watchers credit the Trump administration with forcing China to finally come to the table and address longstanding concerns, including its treatment of American companies. And they say the administration is poised to secure greater concessions than previous administrations have.

“Bob Lighthizer has made it a priority to get this China deal right,” said Myron Brilliant, an executive vice president and the head of international affairs at the U.S. Chamber of Commerce. “He understands that this is the moment in time in which there’s an opportunity to make a real change in the trajectory of the U.S.-China relationship, and he’s focused on the bottom line: what he can get from the Chinese that will improve the U.S.-China economic relationship.”

Mr. Lighthizer, who will testify before the House Ways and Means Committee, is expected to face tough questions from lawmakers about the state of the negotiations and whether he feels comfortable staking his legacy on the evolving China deal. While many Republicans are eager for the trade war to end, they are warning the administration not to settle for a weak deal. Democrats are already trying to outflank Mr. Trump on China and are gearing up to call any agreement that does not include structural changes a failure.

Mr. Lighthizer and other members of his office have held discussions with politicians and trade advisers of both parties, urging them to maintain their public pressure to get a substantial deal.

In a statement Monday, Daniel DiMicco, Mr. Trump’s trade adviser during the campaign and the chairman of trade group the Coalition for a Prosperous America, urged the president to “continue his strategy of strength and leverage in the U.S. trade and geopolitical relationship with China” and to “resist short-term pressure from Wall Street.”

Senator Marco Rubio, Republican of Florida, urged Mr. Trump not to cave, saying in a tweet, “No matter how many tons of soybeans they buy if #China gets to keep cheating & stealing trade secrets it won’t be a good deal for America, our workers or our national security.”

Mr. Lighthizer, a former steel industry lawyer who grew up watching factories disappear from his native Ohio, took the trade representative job in large part to shift power away from China and toward the United States. Mr. Lighthizer has long viewed China as an economic enemy that has engaged in unfair trade practices, destroying American industries in the process.

The potential for Mr. Trump to reach a compromise deal with China has prompted speculation in Washington that Mr. Lighthizer, like so many other administration officials, might resign. But while Mr. Lighthizer views changing the China dynamic as critical, his confidantes say he is unlikely to leave given his unprecedented opportunity to improve America’s terms of trade with Canada, Mexico and the European Union, as well as at the World Trade Organization.

Mr. Emerson said rumors of Mr. Lighthizer’s resignation were “a total falsehood.”

Mr. Lighthizer “believes President Trump is the greatest trade president in our history and is honored to help him,” Mr. Emerson said.

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