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Business

Trump announces tariffs on China, tech crackdown ahead of key trade meeting

by [David J. Lynch](#) May 29 at 10:10 AM [✉Email the author](#)

President Trump said Tuesday that he would proceed with tariffs on \$50 billion in Chinese imports and introduce new limits on Chinese investment in U.S. high-tech industries as part of a broad campaign to crack down on Chinese acquisition of U.S. technology.

“The United States will implement specific investment restrictions and enhanced export controls for Chinese people and entities related to the acquisition of industrially significant technology,” the White House said in a brief statement. Specifics of the new limits will be announced by June 30 and will take effect “shortly thereafter,” the White House said. The moves come less than 10 days after Treasury Secretary Steven Mnuchin said that the [trade war with China was “on hold.”](#) Commerce Secretary Wilbur Ross is due to arrive in Beijing on Saturday for talks aimed at cooling trade tensions between the two countries.

The president has been seeking Chinese agreement to reduce the \$375 billion U.S. goods trade deficit. But two days of talks in Washington ended earlier this month with only vague Chinese promises to buy more U.S. agriculture and energy products.

“The Trump administration is back in attack mode against China after what had appeared to be a temporary truce in the trade tensions,” said Eswar Prasad, former head of the International Monetary Fund’s China division. “China’s unwillingness to agree to a trade deficit reduction target or make other major concessions has probably emboldened those in the administration who have argued for a hard line stance against China on trade issues.”

The White House statement said the president had been “updated” on several steps following the March release by U.S. Trade Representative Robert E. Lighthizer of a study detailing a sweeping Chinese effort to vacuum up American technology through legal and illegal means. But none of the actions described in the one-page statement are yet certain to take effect.

The White House announcement may be [only the latest dizzying turn](#) in Trump’s carrot-and-stick approach to trade negotiations. After threatening tariffs on up to \$150 billion in Chinese products in April, the president settled earlier this month for what Mnuchin described as a “framework” for progress, following two days of bargaining with Chinese officials in Washington.

Now, tariffs on the first \$50 billion are back on track — though the president could change course again. “The tariffs and the other stuff are totally discretionary and can be waived,” said Jeff Moon, a former U.S. trade negotiator.

The announced measures also come amid bipartisan criticism of the president’s softening of penalties for ZTE, a Chinese telecom company that had traded with Iran and North Korea in defiance of U.S. sanctions.

“I think this is a bone to the Congress. I don’t know if it’s the right thing to do,” said Derek Scissors, a China expert at the conservative American Enterprise Institute.

Tariffs of 25 percent will be applied to Chinese imports containing important technologies, including those related to Beijing’s made-in-China 2025 development program, the White House said. The final tariff list will be made public by June 15 with the new import taxes taking effect shortly thereafter.

The Chinese government, meanwhile, may interpret the president’s latest shift as a response to domestic political pressure, he added. “They may have been surprised by the level of concern, especially among Republicans, about ZTE,” Moon said.

If the resumption of Trump’s tariff threat is designed to put pressure on Beijing in advance of Ross’s arrival on Saturday, it could backfire. “This kind of public pressure could make it harder for China to respond in a conciliatory

fashion,” said Claire Reade, another former U.S. trade official who is now with Arnold & Porter.

Failure to make significant progress in diplomatic talks before June 15 could trigger the U.S. tariffs and quick Chinese retaliation, setting in motion the downward spiral in relations that the two sides have been trying to avoid, Reade said.

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