

Trump hints at possible compromise in Chinese tariffs

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President Trump hinted Friday at a possible compromise in the upcoming trade talks with China: leaving in place tariffs on \$50 billion worth of Chinese goods but negotiating on the remaining \$200 billion worth of goods currently subject to tariffs.

"If you look at technology and the first \$50 billion of goods, we want to keep that because we need that," Trump told Fox Business in a Friday interview. The president was responding to a question about comments he made earlier in the week in which he indicated that the administration would not lift tariffs China even if they reached a trade deal.

The Trump administration last year first placed a 25 percent tariff on \$16 billion worth of goods from China. It then followed that with 25 percent tariffs on another \$34 billion worth of goods. The administration then put tariffs of 10 percent on a further \$200 billion worth of Chinese goods. The first two tranches covered machinery and electronics, information and communications technology mainly, while the third tranche included agriculture items, chemicals, leather, plywood, paper, and textiles, among other goods.

Trump's Friday comments raised the prospect that the administration could keep the tariffs on the first two batches of Chinese goods that it hit with levies. Trump didn't reference the third \$200 billion batch of goods as being among the tariffs he would keep.

"Now, whether that gets converted into actually policy is an open question," said Simon Lester, trade policy analyst for the Cato Institute.

Trump surprised many Wednesday when he appeared to tell reporters at the White House that the tariffs against China were not going to be lifted at any point in the foreseeable future. "We're not talking about removing them ... We're talking about leaving them, and for a substantial period of time. Because we have to make sure that if we do the deal with China, that China lives by the deal," he said.

A White House spokesman declined to clarify the president's remarks and didn't respond to a follow-up inquiry about Friday's comments.

The comments came as the U.S. is trying to wrap up a trade deal with China. The talks had reportedly been snagged over issues of whether the Trump administration will lift trade sanctions before it has definitive confirmation that China has moved first to address concerns and whether Beijing will agree to allow the U.S., as part of a deal, to immediately apply tariffs if it is deemed in violation of the terms of the deal.

U.S. Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin will travel to Beijing next week to talk to their counterpart, Chinese Vice Premier Liu He. Follow-up talks will be held in Washington, D.C. the week after. The White House is trying to set up final talks

between President Trump and Chinese President Xi Jinping, but those talks were tentatively pushed back into April.