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POLITICS

# The Architect of Trump's Threatened China Trade War

U.S. Trade Rep Bob Lighthizer argued that years of negotiation with Beijing had produced little and now the time had come for a confrontational approach

By *Bob Davis* [Follow](#)

*April 6, 2018 11:20 am ET*

WASHINGTON—President Donald Trump's [tough policy on China trade](#) took shape in a White House meeting last August—and at the center was an often-overlooked man.

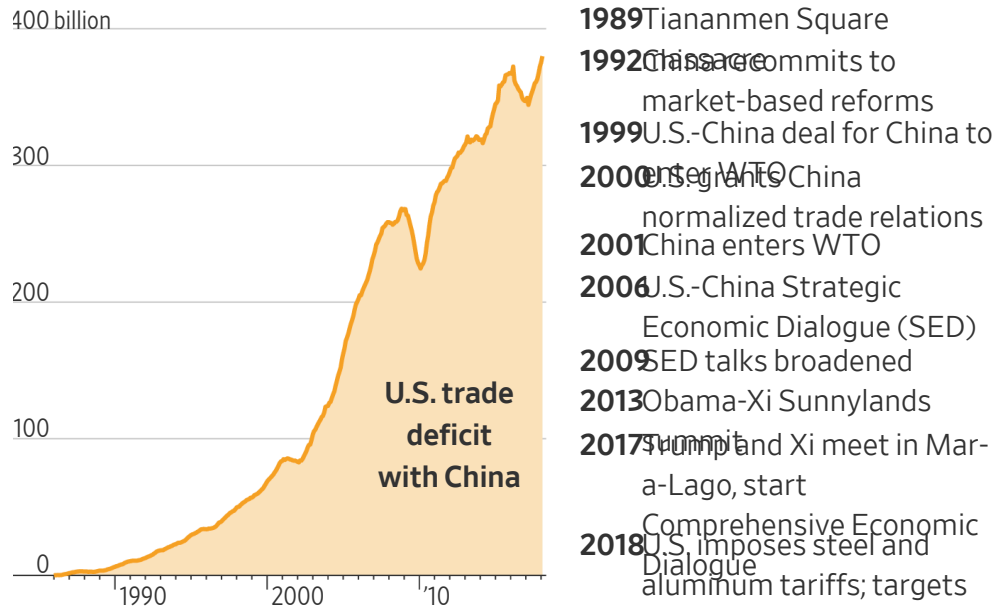
Decades of quiet negotiations had gotten nowhere, U.S. Trade Representative Robert Lighthizer told senior White House advisers and cabinet officials gathered in the Roosevelt Room.

“China is tap, tap, tapping us along,” he said, meaning it regularly promised policy changes but didn’t deliver. He punctuated his talk with charts showing how the trade deficit with Beijing had widened.

U.S. Ambassador to China Terry Branstad, linked by videophone, asked for a chance to conduct another round of talks based on a rapport he was developing with the Chinese. He found little support. It was time to act, starting with a formal investigation of China for unfair trade practices, Mr. Lighthizer argued.

## Growing Imbalance

The U.S. trade deficit with China has steadily worsened through decades of interactions.



Source: Commerce Department

A few days later, Mr. Trump announced an investigation of alleged Chinese violations of U.S. intellectual-property rights—headed by Mr. Lighthizer. It marked the start of the most dramatic and high-risk effort in decades to force the world's second largest economy to change its behavior, which culminated this week in [an order threatening to slap tariffs on \\$50 billion of Chinese imports](#), a move that also had Mr. Lighthizer's imprint on it.

After [China threatened tariffs on an equal amount](#) of imports from the U.S., Mr. Trump on Thursday called that “unfair retaliation” and [said he might put tariffs on a further \\$100 billion of Chinese imports](#), tripling the amount subject to them. A Chinese Commerce Ministry spokesman said on Friday Beijing “is fully prepared to hit back forcefully and without hesitation.”

Mr. Lighthizer's role became clear to the Chinese when the Trump economic team landed in Beijing in November for a round of discussions. Mr. Trump made sure the U.S. trade representative met with top Chinese leaders while some others waited outside.

In a session with President Xi Jinping, Mr. Lighthizer laid out how fruitless the U.S. considered past negotiations and how the president was concerned the U.S. trade deficit continued to expand. While US officials saw Mr. Lighthizer's comments as a lawyerly argument, Chinese officials described their reaction as shocked.



U.S. trade representative Robert Lighthizer in the Rose Garden in October PHOTO: ANDREW HARRER/BLOOMBERG NEWS

Today, Mr. Lighthizer is exchanging letters with China's senior economic envoy on measures Beijing could take to head off a trade war. Negotiations are likely to stretch over many months—an ambiguity that could rattle financial markets and lift prices on goods earmarked for tariffs.

“Trump and Lighthizer are like-minded,” said William Reinsch, a former trade official now at the Center for Strategic and International Studies. “There is a negotiating strategy of bullying, intimidation, and threats to soften up [the adversary]. Then, maybe make a deal.”

Mr. Lighthizer's brother, Jim Lighthizer, a former Democratic politician, puts it another way. “His approach is direct; he doesn't spend a lot of time on nuance.”

Mr. Lighthizer declined requests for comment.

Many U.S. businesses say they are fed up with what they view as unfair Chinese subsidies to local companies, and strong-arm tactics that make them hand over technology to Chinese partners. Still, they worry U.S. threats of tariffs could backfire and leave them vulnerable to retaliation.

“We want to prod the administration to line up friends and allies” to press China, said Josh Bolten, head of the Business Roundtable trade group and a former White House chief of staff for George W. Bush. “If it's just the U.S. versus China, negotiations will be confrontational. The winners may not be the international trading order but our European and Japanese competitors,” which could increase sales to China.

Early in the Trump administration, Commerce Secretary Wilbur Ross, a longtime Trump ally who had done business in China, was expected to lead China economic policy. He privately referred to Mr. Lighthizer, a former trade attorney, as his lawyer,

say business executives, who took it as a slight. A Commerce official said Mr. Ross meant only that the two had worked together previously on steel issues.

Mr. Ross's star dimmed when the president dismissed an early package of deals the commerce secretary negotiated with Beijing as little more than a repackaging of past offers, say senior White House officials. "Shut it down," Mr. Trump told Mr. Ross in July when he stripped Mr. Ross of his China role and closed down the talks, according to senior administration officials.

Mr. Ross continues to work on China issues, including advising Mr. Lighthizer on which Chinese imports to target for tariffs, a Commerce official said.

Mr. Lighthizer, by contrast, managed to bridge a sharp divide over trade among Mr. Trump's warring factions.

To so-called nationalists like trade aide Peter Navarro, who was itching to take on China, Mr. Lighthizer was a China hawk. Mr. Navarro is mainly an idea man, who has seen his role as making sure the White House carries out the president's campaign pledge to stop China from "ripping us left and right." Mr. Lighthizer runs a trade agency, plots strategy and carries it out. The two have worked together to develop on China policy, though they sometimes disagree on tactics.

To the so-called globalists such as former National Economic Council Director Gary Cohn, who worried about the impact of trade fights on markets, Mr. Lighthizer was the skilled attorney and former congressional aide who understood how Washington worked.

To Mr. Trump, Mr. Lighthizer was a kindred spirit on trade—and one who shuns the limelight. The two men, who have a similar chip-on-the-shoulder sense of humor, bonded. Mr. Lighthizer caught rides to his Florida home on Air Force One. Mr. Trump summons Mr. Lighthizer regularly to the Oval Office to discuss trade matters, administration officials say.

"Lighthizer has everyone's trust, regardless of their views on trade," said Kevin Hassett, the White House chief economist.

Mr. Lighthizer is skilled at managing up, said his brother, Jim: "Bob recognizes there's one king and he ain't it."

As an attorney at Skadden, Arps, Slate, Meagher and Flom LLP, Mr. Lighthizer represented steel-industry clients who believed they had been hurt by subsidized

imported Chinese goods. In op-ed columns dating back to 1997, Mr. Lighthizer opposed the entry of China into the World Trade Organization under the terms being negotiated. Mr. Trump has called the WTO a “disaster for this country.”

Mr. Lighthizer's role is a change from recent administrations where China experts, such as Treasury Secretary Henry Paulson in the George W. Bush administration, handled the China economic portfolio. In his previous role as [Goldman Sachs](#) Group Inc. chief executive, Mr. Paulson helped China carry out its earliest privatizations and continues to meet with Chinese leaders.

Mr. Lighthizer, on the other hand, is a skilled international trade litigator, more in the mold of former U.S. Trade Representative Charlene Barshefsky, who negotiated China's entry into the WTO. The Trump team thinks China experts have been too quick to back off in negotiations with Beijing.

By the time he took office in May, the administration was fighting internally over whether to impose tariffs on steel and aluminum imports globally. China policy was on the back burner.

While Mr. Lighthizer believed the metal glut was due to Chinese excess production, say administration officials, he thought a fight at that point would be self-defeating because the focus would be on U.S. tariffs, not Chinese trade and investment practices. Assessing tariffs on all steel exporters, many of which are U.S. allies, would paint the U.S. as a villain instead of China.

U.S. Trade Representative Robert Lighthizer, White House press secretary Sarah Huckabee Sanders and U.S. Ambassador to China Terry Branstad before a Chinese opera performance. PHOTO: ANDREW HARNIK/ASSOCIATED PRESS

Rather than risk the ire of Mr. Trump, who considered steel tariffs a campaign promise, Mr. Lighthizer worked quietly with Mr. Cohn and others to get the issue set aside in favor of other priorities.

U.S. trade representatives often regard themselves as lawyers for U.S. exporters, trying to open up new markets. Mr. Lighthizer saw things differently, viewing big U.S. companies as job outsourcers that sometimes had to be reined in.

At a September meeting with about 100 CEOs organized by the Business Roundtable, he said he understood they had to maximize profits, which sometimes meant exporting jobs. "My job is different," he told the group, according to participants. "My job is to represent the American workers. We're going to disagree." It was a position some in the audience found arrogant.

Mr. Lighthizer, 70 years old, grew up in the Lake Erie port city of Ashtabula, Ohio, which was battered by imports. He sees himself as blue-collar even though he is a doctor's son who once raced around West Virginia in sports cars and has financial assets worth between \$10 million and \$38 million, according to government filings.

As with his boss, bluntness is his calling card. In the mid-1980s, as a U.S. Trade Representative official who negotiated with Japan, he once grew so frustrated he took a Japanese proposal, turned it into a paper airplane and floated it back at the Japanese negotiators as a joke. In Japan, he became known as "the missile man."

In a Senate hearing last month, when Democratic Sen. Maria Cantwell of Washington said his China plans could hurt U.S. aircraft makers, he dismissed her concerns as "nonsense."

As the U.S. moved toward confrontation with China last fall, after the August Roosevelt Room session, Mr. Lighthizer worked to make sure the administration was united. Previously, the U.S. had often balked at confronting China out of fear a fight would tank the global economy and make China less willing to help on national-security issues.

Defense chief Jim Mattis, though, backed a tough approach because he was concerned China was illicitly obtaining U.S. technology and could gain a military edge, say individuals familiar with his thinking. Others in the national-security agencies were tired of what they felt were unmet Chinese promises on Korea and other security issues.

Trump's trade men: Treasury Secretary Steven Mnuchin, Commerce Secretary Wilbur Ross, U.S. Trade Representative Robert Lighthizer and trade adviser Peter Navarro at the White House in March  
PHOTO: REUTERS

Mr. Cohn, then the economy chief, was as fed up with Beijing as Mr. Lighthizer, say officials. As a longtime president of Goldman Sachs, Mr. Cohn had lobbied to do business unimpeded in China and didn't get the approvals he sought.

At the end of February, China sent its chief economic envoy, Liu He, to Washington [to try to restart negotiations](#). Mr. Liu was ready to pledge that Beijing would open its financial market.

He found a frosty welcome. The Chinese embassy had requested 40 visas so Mr. Liu could bring a full entourage. The State Department granted just a handful.

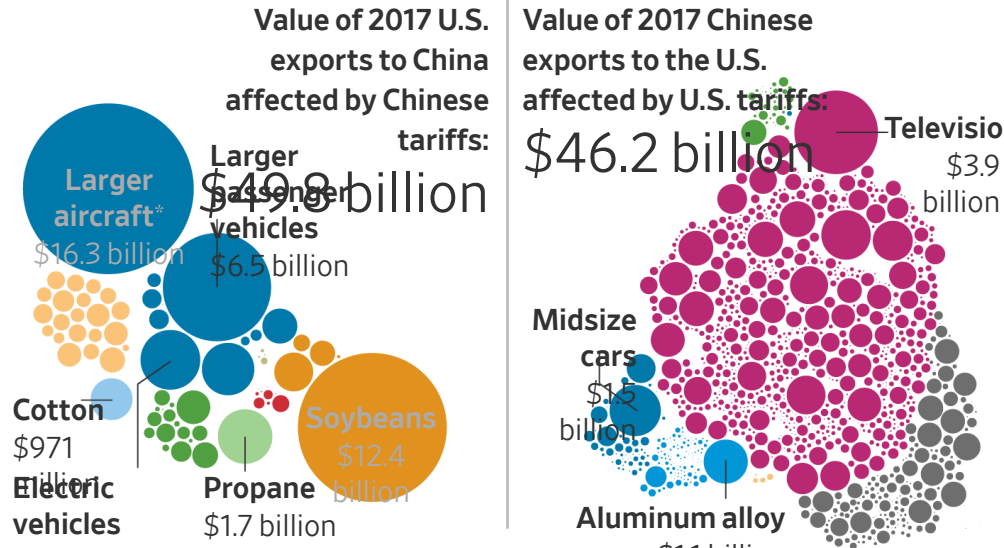
Mr. Liu couldn't get any time with President Trump. Instead, he met with Mr. Lighthizer, Mr. Cohn and Treasury Secretary Steven Mnuchin. The three delivered a simple message, say officials familiar with the talks: The U.S. isn't going to get "tapped around" like prior administrations.

The U.S. wanted substantial changes in trade practices and barriers, which Mr. Lighthizer detailed. They included cutting the tariff China imposes on auto imports from 25% to something closer to the U.S. tariff of 2.5%. The U.S. also wanted a \$100 billion reduction of its \$375 billion annual merchandise trade deficit with China. To punctuate those demands, the administration planned to threaten tariffs.

## Tariff Targets

A wide range of products would be affected by the recently announced levies.

- Animals
- Base metals
- Chemicals
- Mineral fuels
- Miscellaneous
- Machinery, mechanical appliances, electrical
- Food, beverages, tobacco
- Textiles, apparel
- Vehicles, aircraft
- Plastics and rubber
- Vegetables



\*Airplanes and other aircraft; of an unladen weight exceeding 33,000lbs. Note: Industry categories are created using Harmonized System sections

Source: Peterson Institute for International Economics

One more obstacle needed to be cleared away. President Trump, frustrated that the steel-tariff matter had been indefinitely delayed, was sympathetic to pitches by Messrs. Navarro and Ross that he should finally move on the issue. In early March, [Mr. Trump said he would impose 25% tariffs on steel and 10% tariffs on aluminum](#) from any exporting nation.

The international response threatened to drown out the China initiative as U.S. allies complained they were unfairly targeted.

On Tuesday evening, March 20, senior officials gathered again in the Roosevelt Room to decide how to proceed with the tariffs scheduled to go into effect in three days. Mr. Navarro, the trade adviser, argued tariffs should be imposed across the board as the president threatened, say officials. That would increase U.S. leverage with steel-exporting nations, which could be expected to offer concessions to avoid tariffs, he argued.

Mr. Lighthizer, aligned this time with Mr. Ross, pressed for an alternative course. Grant nearly all nations except China temporary exclusions from the tariffs, they proposed, according to participants, but then limit their exports through quotas. That



would make the U.S. seem more reasonable in steel negotiations and help form a coalition against China.

The group produced a memo in which the different views were articulated. Mr. Trump backed Mr. Lighthizer's side.

With the steel issue defused, at least temporarily, [Mr. Trump announced on March 22 the U.S. would threaten tariffs on Chinese imports](#). He thanked Mr. Lighthizer for his help and invited him to say a few words.

"This is an extremely important action," Mr. Lighthizer said, "very significant and very important for the future of the country, really, across industries."

Over coming months, the ability of the U.S. to maintain pressure on China will depend on factors including the reaction of markets, opposition by U.S. industries and farmers, and retaliation by China against U.S. companies. Chinese leaders say they are confident they would prevail in a trade war, say U.S. individuals who have met with them recently, and chalk up U.S. threats to Mr. Trump's midterm congressional electioneering.

Jorge Guajardo, a former Mexican ambassador to China and now a Washington consultant, has seen up close how Beijing can pressure companies and wear down governments. "The big question is, 'Will the U.S. blink?'" he said. "Or will they stay the course so China is forced to understand there is a new way of doing business."

—*Lingling Wei contributed to this article.*

**Write to Bob Davis at [bob.davis@wsj.com](mailto:bob.davis@wsj.com)**

*Appeared in the April 7, 2018, print edition as 'The Man Behind Trump's China Fight'.*

