Trump threatens immediate imposition of China tariffs if Xi does not attend G20

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US President Trump has threatened that a new round of tariffs will be immediately imposed on more than $300 billion worth of Chinese goods if China's President Xi Jinping does not meet him on the sidelines of the G20 summit meeting to be held in Japan at the end of the month.

The threat came during an interview Trump gave to the business channel CNBC yesterday when he was informed that Beijing had yet to confirm that a meeting would take place.

Trump said he had not heard that the meeting would not go ahead and he would be surprised if Xi did not go. However, if Xi failed to attend, then levies of 25 percent would be immediately imposed in addition to the 25 percent tariff in place on $250 billion worth of Chinese products.

"We are expected to meet. If we do, that's fine, and if we don't, that's fine. Look, from our standpoint the best deal we can have is 25 percent on the $600 billion, OK?" he said.

Trump used his interview to attack opponents of his tariff measures within US business groups and to renew his offensive against the Federal Reserve on interest rates and monetary policy.

The interview was preceded by comments from US Chamber of Commerce vice-president Myron Brilliant who opposed the tariff measures for creating "uncertainty with our trading partners."

"The weaponization of tariffs—the increase of threats on our economy, on our farmers, our manufacturers, our consumers—is going to hurt our country," he said.

Brilliant was particularly concerned with Trump's threat to impose a 25 percent tariff on all Mexican goods if it did not comply with US demands to halt the flow of immigrants and refugees into the US—now withdrawn as the result of an agreement announced on Friday.

He noted that the tariff threat against Mexico had been invoked after the US-Mexico-Canada (USMCA) deal had been struck. This meant that if China made a trade agreement with the US, the administration could come back later and hold tariffs over its head.

Trump replied that if the tariff threat had not been made "we wouldn't have made the deal with Mexico."

On the broader issues, he invoked the central theme of his "America First" agenda, saying that Brilliant spoke for the interests of companies in the American Chamber of Commerce who were happy with present arrangements but not for the country.

During the course of the interview Trump renewed his attack on the Fed and gave an indication of the kind of personalised regime he would like to see instituted in the US.

He said China devalued its currency and that had for years put them at "a tremendous competitive advantage. And we don't have that advantage because we have a Fed that doesn't lower interest rates. We should be entitled to have a fair playing field, but even without a fair playing field—because our Fed is very, very disruptive to us—even without a fair playing field we are winning."

In a clear indication of the kind of financial regime he wants to see established, Trump said that the people on the Fed were "not my people."

"Don't forget, the head of the Fed in China is President Xi. He's the president of China.… He can do whatever he wants. They devalue, they loosen or you would say they pump a lot of money into China, and it nullifies to an extent, not fully, it nullifies the tariffs," he said.

Trump has attacked the Fed for not cutting rates and for "quantitative tightening" by running down its holdings of financial assets it purchased in the wake of the financial crisis, claiming that but for its policies Wall Street's Dow index would be 10,000 points higher.

There have been expressions of concern in ruling circles and in media commentary that in his attacks on the Fed Trump is undermining its "independence."

But Trump speaks for a considerable constituency within US financial circles which maintains that the policies of the Fed should be directed to continuing and intensifying the process which has seen the boosting of the stock market as a central mechanism for siphoning up the wealth of the US economy and placing it in the hands of the ruling financial oligarchy.

For all the tut tutting about how Trump is undermining its "independence," the Fed is set to meet his demands by cutting interest rates, if not at its meeting next week, then in July with further cuts set for September.

The US tariff and economic war, especially the threat of tariffs against Mexico has caused widespread concern in international financial circles amid numerous warnings, particularly from the International Monetary Fund, that it will reduce global growth. But for the present, Trump has found that force works.

Over the weekend, the final communiqué from a meeting of G20 finance ministers in Japan, held in preparation for the summit at the end of the month, excluded a proposed clause to "recognise the pressing need to resolve trade tensions" at the insistence of the US. The statement also made no reference to the impact on the China-US conflict on global growth.

In a comment published in the *Financial Times* yesterday, foreign affairs columnist Gideon Rachman likened Trump's international actions to those of a Mafia don, pointing to the administration's extraterritorial actions against Mexico.

The Mexican action was not the only example. The Trump administration had ripped up the 2015 nuclear deal with Iran and imposed new sanctions, actions that were bitterly opposed by the European Union, which promised to set up an alternative payments system.

"But senior European officials were informed that they could be barred from the US if they violated sanctions, and the scheme has yet to get going," he noted.

In addition to Iran, the US has extended its extraterritorial actions to China, with the arrest of Huawei chief financial officer Meng Wanzhou and the blacklisting of the company by the US Commerce Department.

And much more is to come. As Rachman put it: "The Trump administration believes that America's central role in the global economy gives the country a unique array of coercive tools that it is only beginning to exploit."