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## What's Been Happening

### 1 — Trump Picks Lutnick For Commerce; Bessent To Lead Treasury — 1

#### [In One Sentence]

- Howard Lutnick, billionaire investor, CEO of bond trading firm Cantor Fitzgerald, and a vocal supporter of President-elect Donald Trump's expansive tariff plans has been nominated as Secretary of Commerce in the second Trump administration.
- For Secretary of the Treasury, Trump selected Scott Bessent, his economic policy adviser during the campaign and founder of the investment management firm Key Square Capital Management.
- In contrast to Lutnick's appointment, Trump deliberated extensively over several candidates for the Treasury pick.
- The shortlist of candidates for the Treasury nomination included Bessent, Kevin Warsh (a former member of the Federal Reserve Board), Marc Rowan (CEO of Apollo Global Management), and Sen. Bill Hagerty (R-TN), a member of the Senate Banking Committee.
- Previous reports also reveal that Trump plans to nominate Kevin Warsh as the next Federal Reserve Chair when Jerome Powell's current term ends in 2026.
- A slew of other cabinet and non-cabinet level appointments, including to the Agriculture, Energy, Transportation, Education, Housing, and Veterans Affairs departments, were also announced.
- Meanwhile, the nominee for the post of U.S. Trade Representative remains undecided.
- Late on Monday, this week, Trump took to Truth Social to post that he would impose an additional 10% tariff on all Chinese goods (over and above any additional tariffs) on Day #1 of his second administration to force Beijing to stop sending "massive amounts of...Fentanyl" to the United States.
- Per a separate social media post, he also plans to impose a 25% tariff on all goods from Mexico and Canada on Day #1 of his second administration for the two countries' failure to curb migration and the movement of fentanyl into the United States.

#### [Mark the Essentials]

- Trump expressed his enthusiasm for Howard Lutnick’s appointment, stating that he was “thrilled” and emphasized that Lutnick would “lead our Tariff and Trade Agenda” with additional oversight of the Office of the U.S. Trade Representative.
- Trump also highlighted Scott Bessent’s nomination as Treasury Secretary, describing him as pivotal to ushering in a “new golden age” for the U.S. economy. He added that the administration aims to “reinvigorate the private sector and help curb the unsustainable path of the federal budget.”
- Despite the Trump administration’s ambitious tariff agenda, some critics believe there may still be “opportunities as well as challenges” in collaborating with Trump on trade issues. Jake Colvin, President of the National Foreign Trade Council, has suggested that Congress and the administration could explore innovative ways to open new markets for U.S. enterprises. He pointed to trade promotion authority (TPA) as “the key to unlocking a conversation with the Hill.”
- Regarding Trump’s plan to fold USTR into the Commerce Department, Everett Eissenstat, a former deputy director of the National Economic Council under Trump and ex-Senate Finance Committee chief trade counsel, has argued that Congress might be “adamantly opposed” to such a move, noting it had already rejected a similar proposal by the Obama administration in 2012.
- Adam Posen, President of the Peterson Institute for International Economics, notes that major economies are preparing to “preemptively make offers” to the Trump administration to avoid sweeping tariffs. He speculated that countries such as Japan, South Korea, the United Kingdom, and Canada might present incentives like purchasing more U.S. natural gas and weapon systems or relocating production to the U.S. Also, Posen highlighted that the administration’s ideal outcome would be to “get these goodies” without resorting to tariff threats.
- While the Trump administration intends to impose strict tariffs on China, critics argue this may not necessarily result in a surge of Chinese imports being redirected to Europe. Analysts in Switzerland have opined that the anticipated “flood never happened” during Trump 1.0, with Chinese exports to the European Union remaining “roughly in line with pre-trade War trends.” They emphasize that trade deflection from China to the EU has been “infrequent and marginal.”

### **[Keeping an Eye On...]**

- So, what’s up with Bobby, the purveyor of the peculiar idea that the purpose of a free trade agreement is to grant preferential treatment to a trading partner in return for an approximately equal amount of preferential treatment in their market (i.e., a dollar balance of preferential trade outcomes)? The incoming Trump administration’s cabinet appointments have more-or-less come and gone and the name Robert Emmet Lighthizer is nowhere to be found. Granted, the appointee for U.S. Trade Representative has yet to be announced and the position might even be nixed from the cabinet. But having served as USTR in Trump 1.0, there is every reason to believe that Lighthizer would consider a return to the agency as a downgrade. Besides, even as Trump’s USTR, he was the primary lead in the Treasury-USTR led co-front in the tense negotiations with the Chinese. As such, nothing less than the role of China trade and export control czar this time around is likely to be seen as fitting his paygrade. Complicating this outlook is the assignment of moneybag Howard Lutnick to the Commerce Department seat—and, by extension, to oversight of the critical export controls portfolio. Be that as it may, there is every reason to believe that Robert Lighthizer will remain a close confidante of the president. And, furthermore, that he will have a West Wing role that will allow him to whisper in the president’s ear and serve as a control tower player on China trade and export control policy (and be excused from having to log the thousands of air miles that the Bessents, Lutnicks, and future USTR

pick, to their misfortune, will have to suffer through). Given his deep insider knowledge of the United States' various trade and export control authorities (as he is a longstanding Beltway trade remedies lawyer), his intimate understanding of the senior bureaucracy's workings (from his days as Deputy USTR go back to the Reagan administration), and his time-honored ideological affinity on trade policy with Trump (since he was a backer of Trumpian tariff ideals when the Donald was still regarded as something of a political buffoon), Lighthizer, one way or the other, is likely to be back in a highly influential role in Trump 2.0, and especially on the China brief. Hence, it is best for Beijing as well as his critics to stay prepared for the Lighthizer stamp on China decoupling policy. This will include: raising tariffs on China to the level that will balance U.S.-China trade; strengthening export controls and eliminating future technological integration and dependence on China; continuing restrictions on inbound Chinese investment and introducing additional outbound investment restrictions; a ban on federally-funded research universities from engaging with Chinese entities in matters involving strategic technology-related research, education or employment; and enhancing the Foreign Agent Registration Act (FARA) to widen disclosure of Chinese money within the Beltway. To the extent that his boss may be open to banning TikTok, U.S. market access for Chinese social media companies could be rescinded too. Keep a watch out for Lighthizer. His nomination might yet turn out to be one of the most important ones of Trump 2.0, just as his nomination as U.S. Trade Representative turned out to be in Trump 1.0.

### [Expanded Reading]

- [How Trump's Tariffs On China Changed U.S. Trade, In Charts](#), *The Wall Street Journal*, November 25, 2024
- [Trump Is Trying To Control Congress. Republicans Are Quietly Pushing Back](#), *Politico*, November 23, 2024
- [Trump Names Billionaire Scott Bessent As Treasury Secretary Pick](#), *CNN*, November 22, 2024
- [Donald Trump Picks Scott Bessent As Treasury Secretary](#), *Financial Times*, November 22, 2024
- [Trump Considers Warsh Serving As Treasury Secretary—And Then Fed Chair](#), *The Wall Street Journal*, November 22, 2024
- [Who Will Trump Pick For Treasury Secretary? These Are The Top Contenders—And Their Betting Odds](#), *Forbes*, November 22, 2024
- [Matt Gaetz Says He Doesn't Plan To Rejoin Congress After Withdrawing As Trump's Pick For Attorney General](#), *NBC*, November 22, 2024

## On the Hill



### [Legislative Developments]

- Rep. John Moolenaar (R-MI), House Committee on China Chair, has introduced a bill to prevent the Treasury Secretary from using the Inflation Reduction Act (IRA)'s advanced manufacturing production tax credits to benefit Chinese entities, adding that under no conditions "foreign entities of concern" like China's battery manufacturer Gotion should qualify to benefit from these credits.
- To exclude "import-sensitive" goods from obtaining benefits under the *de minimis* rule, Sen. Ron Wyden (D-OR), Chair of the Senate Finance Committee, has introduced the *Fighting Illicit Goods, Helping Trustworthy Importers, and Netting Gains for America Act*.
- Rep. Moolenaar (R-MI) also introduced the *Restoring Trade Fairness Act*, which seeks to revoke China's permanent normal trade relations (PNTR) status with the United States and impose a 100 percent ad

valorem duty on Chinese “strategic goods,” arguing that granting PNTR to China has “failed our country, eroded our manufacturing base, and sent jobs to our foremost adversary.”

- Rep. Suzan DelBene (D-WA) and Rep. Don Beyer (D-VA), members of the House Ways & Means Committee, have introduced the *Preventing Tariff Abuse Act* to curb the misuse of presidential emergency powers to impose tariffs, stressing that such actions impose significant costs on American families “without Congressional approval,” harm U.S. trade relationships with allies, and provoke retaliatory measures.

### [Hearings and Statements]

- The U.S.-China Economic and Security Review Commission released its annual report highlighting policy priorities for Congress, including updating trade and economic tools, reducing U.S. reliance on supply chains influenced by China, enhancing executive accountability to Congress, prioritizing domestic production and employment, addressing China’s overcapacity, and strengthening U.S. economic resilience.
- Regarding the *de minimis* rule, the Commission recommended that imported goods sold through e-commerce platforms should not qualify for *de minimis* exemptions, arguing that the surge in e-commerce sales undermines U.S. regulatory compliance and safety efforts while posing challenges at U.S. ports in detecting risky products. The Commission also emphasized that banning only Chinese imports would be ineffective as these products could be rerouted through other countries.
- The Commission has also urged Congress to engage in “more intense coordination” on technology policies to address trade and tech challenges posed by China, emphasizing the need for “a comprehensive policy realignment” particularly on measures such as export controls, outbound investment restrictions, tax incentives, and sanctions with allies and like-minded countries.
- The House Committee on the Chinese Communist Party has requested five leading semiconductor equipment manufacturers—ASML, KLA, Applied Materials, Lam Research, and Tokyo Electron—to provide information on their equipment sales to China to better understand the flow of chip-making equipment and their role in China’s rapidly advancing semiconductor manufacturing capabilities.

### [Expanded Reading]

- [DelBene, Beyer Introduce Legislation To Block President From Imposing Unchecked Tariffs](#), The Office of Rep. Suzan DelBene (D-WA), November 20, 2024
- [Moolenaar, Golden Introduces Bipartisan Bill To Block Biden Rule That Allows Tax Credits For Foreign Adversaries](#), The Office of Rep. John Moonlennar, November 20, 2024
- [Moolenaar Introduces Legislation To Revoke China's Permanent Normal Trade Relations](#), The Select Committee on the CCP, November 14, 2024
- [US Lawmakers Eye China Technology As They Target Semiconductor Equipment Makers](#), *South China Morning Post*, November 9, 2024
- [House Committee Targets Chip Technology Firms For China Ties](#), *The New York Times*, November 8, 2024