

Trump Asserts He Can Force U.S. Companies to Leave China

By Peter Baker and Keith Bradsher

BIARRITZ, France — **President Trump asserted on Saturday that he has the authority to make good on his threat to force all American businesses to leave China, citing a national security law** that has been used mainly to target terrorists, drug traffickers and pariah states like Iran, Syria and North Korea.

As he arrived in France for the annual meeting of the Group of 7 powers, Mr. Trump posted a message on Twitter **citing the International Emergency Economic Powers Act of 1977, a law originally meant to enable a president to isolate criminal regimes, not sever economic ties with a major trading partner over a tariff dispute.**

“For all of the Fake News Reporters that don’t have a clue as to what the law is relative to Presidential powers, China, etc., try looking at the Emergency Economic Powers Act of 1977,” Mr. Trump wrote. “Case closed!”

The president’s threat to all but cut off one of America’s most important trading relationships amid a so-far-unsuccessful trade war could disrupt a global economy already on the edge of recession while further unsettling companies in the United States that rely on China in their production of everything from clothing to smartphones.

Mr. Trump’s claim that he can order American companies to pull out of China also represented the latest audacious assertion of power by a president who has repeatedly crossed lines his predecessors did not.

“Any invocation of the International Emergency Economic Powers Act in these circumstances and for these purposes would be an abuse,” said Daniel M. Price, who was an international economic adviser to President George W. Bush. “The act is intended to address extraordinary national security threats and true national emergencies, not fits of presidential pique.”

In fact, aides said, no order has been drawn up nor was it clear one would be. For the moment, they said Mr. Trump was signaling American businesses to begin to disentangle from China on their own.

Under the International Emergency Economic Powers Act, a president can declare a “national emergency” in case of “any unusual and extraordinary threat” to “the national security, foreign policy, or economy of the United States” from abroad. This triggers special authority for the president to regulate “any transactions in foreign exchange” by Americans. The law was passed to define and restrain presidential power, which until then had been interpreted expansively under the Trading with the Enemy Act of 1917. It has served ever since as the main source of authority for presidents to impose sanctions on countries or individuals in response to specific national security threats, such as the Iranian hostage crisis that began in 1979.

As of March 1, presidents had declared 54 emergencies under the law, of which 29 were still active, according to the Congressional Research Service. Presidents have used it to target international terrorists, drug kingpins, human rights abusers, cyber attackers, illegal arms proliferators and multinational criminal organizations.

Presidents invoked the law when Iraq invaded Kuwait in 1990, when Serbia sent troops into Kosovo in 1998 and when Russia annexed Crimea in 2014. Among the countries targeted have been international outliers like North Korea, Sudan, Somalia, Yemen, Syria, Congo and Venezuela.

Using it in a trade dispute with a country like China would be a drastic departure. But Mr. Trump could make the argument that China constitutes a national security threat through the theft of intellectual property or its military buildup in the South China Sea.

The Trump administration previewed this view of Beijing in its national security strategy in 2017, which described China as a “revisionist power” that has “expanded its power at the expense of the sovereignty of others.”

John E. Smith, a partner at the international law firm Morrison & Foerster, said it had never been used for pure economic warfare without a national security nexus and could be challenged in court or by Congress.

“In the 20 years I’ve been doing this, I have not seen anything where there was not a national security threat,” said Mr. Smith, who until last year was director of the Treasury Department’s Office of Foreign Assets Control, which enforces the emergency powers law. “This is a completely different use of a well-utilized tool in going after what appears to be a purely economic dispute.”

But even if an unprecedented stretch of the law, some international trade lawyers said it was written broadly enough that Mr. Trump could prevail.

“The statute gives the president the right to do just about anything if he or she first declares that here’s a national security threat to the United States,” said Judith Alison Lee, a lawyer at Gibson Dunn in Washington. “It would be hugely disruptive but, technically speaking, I think the statute gives him that authority.”