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## POLITICS

# U.S. Unveils Additional Tariffs on \$200 Billion More in Chinese Imports

New levies follow last week's initial round of duties on \$34 billion in Chinese goods



The U.S. unveils new tariffs on an additional \$200 billion of imports from China. PHOTO: DAVID PAUL MORRIS/BLOOMBERG NEWS

By *Bob Davis*

Updated July 10, 2018 10:55 p.m. ET

WASHINGTON—The White House said it would assess 10% tariffs on a further \$200 billion in Chinese goods, deepening the dispute with Beijing, while sending a message to other trading partners that the U.S. won't back away from trade fights.

The new round of tariffs—hitting products from fish to luggage—comes on top of two others and is bound to be met with threats of retaliation from Beijing, though U.S. Trade Representative Robert Lighthizer said he was open to talks with China about a resolution of the dispute.

“As in the past, the United States is willing to engage in efforts that could lead to a resolution of our concerns about China's unfair trade practices and to China opening its market to U.S. goods and services,” he said in a statement.

Officials in both nations say there are currently no negotiations scheduled. Previous discussions between Treasury Secretary Steven Mnuchin and Chinese economic envoy Liu He didn't come close to resolving the dispute.

The early reaction out of Beijing was scornful. “There is a proverb in the West, ‘like a bull in a China shop,’” said Li Chenggang, an assistant minister of commerce, at a conference in Beijing. “The U.S. approach undermines the process of globalization and undermines the trade order.”

The new tariffs won't take effect for at least two months, administration officials said, giving U.S. industry time to comment on the products selected for levies—and for the two sides to start a new round of talks. Hearings on the products are scheduled for Aug. 20-23.

The new tariffs hit a multitude of products including consumer goods, which could produce a reaction against the trade fight. The consumer products include tuna, salmon and other fish, luggage, tires, dog leashes, handbags, baseball gloves, furniture, apparel, mattresses, electric

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lamps and television cameras and well as components in telephones and flat panel displays.

The administration has tried to limit the impact on consumers, but the scale of the imports subject

to tariffs makes that next to impossible. For instance, Mr. Trump initially said he would impose 25% tariffs on an additional \$100 billion of Chinese goods but then switched to 10% tariffs on \$200 billion of imports, which would ease any price increase.

The additional tariffs follow last week's imposition of levies on \$34 billion of Chinese exports of machinery, components and electronics. Also scheduled are tariffs on \$16 billion of Chinese electronics and other components.

China has retaliated with its own tariffs on \$34 billion of U.S. farm goods, aircraft and other items and says it will match the second round dollar for dollar. Mr. Trump said in June that if China moved ahead with the tariffs, as it did, he would ratchet up the fight with tariffs on another \$200 billion in Chinese goods. Additional retaliation by China would be met with tariffs on yet another \$200 billion in Chinese imports, he said.

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In all, that would be tariffs on \$450 billion of Chinese goods. That's nearly all the \$505 billion in exports China sends to the U.S. At other times, Mr. Trump has threatened to put a tariff on every dollar of Chinese

exports.

A long and ugly trade war seems in the cards, with even broader economic hostilities affecting investment flows and other elements of the economic relationship between the two countries in the offing, said Cornell University China specialist Eswar Prasad.

Senate Finance Committee Chairman Orrin Hatch of Utah, said he opposed additional tariffs. "Although I have supported the administration's targeted efforts to combat China's technology transfer regime, tonight's announcement appears reckless and is not a targeted approach," he said in a statement.

The announcement of the additional tariffs comes as Mr. Trump arrives in Brussels to meet with allies in the North Atlantic Treaty Organization.

Although the summit focuses on national security, he may also use the session to press his case that European Union nations are using 10% tariffs on automobiles to protect their market from U.S. vehicle exports.

The Commerce Department has started a trade investigation to see whether car imports undermine U.S. national security, a process that takes months but could ultimately lead to the imposition of tariffs.

The U.S. already has hit European nations with tariffs over their steel exports to the U.S., again citing a national-security rationale, but a senior administration official said the timing of the new tariffs on China was coincidental. Mr. Trump, in the latest move, was simply carrying through on a prior warning that he would assess new tariffs if Beijing retaliated against the initial round of levies.

Mr. Trump “values the relationship we have with European allies,” the official said. “He has made clear the importance of working together with Europe on unfair Chinese practices.”

U.S. officials have said, for instance, that they are working with European nations to put together investment screening procedures for Chinese and other foreign investments to see if they endanger national security, similar to the work of the U.S. interagency Committee on Foreign Investment in the U.S.

But U.S. industry officials said the tariffs were bound to be seen as a signal to Europe that the U.S. wouldn't back away from a trade fight. It also could be a specific warning to German Chancellor Angela Merkel, who this week met with Chinese Premier Li Keqiang in Berlin.

Both leaders reiterated their commitment to multilateral rules, which was seen as a jab at the U.S.

U.S. business groups have widely criticized the Trump administration for fighting with its allies over trade, rather than trying to enlist them in a trade offensive against Beijing.

“We have the potential to cement lasting change in China's unfair trade practices and policies—and it would be a shame to squander it,” said Dean Garfield, chief executive of the Information Technology Industry Council.

“We urge President Trump to delay this unnecessary escalation before more consumers and workers are harmed and instead make a concerted effort to build a coalition while he is in Europe this week and then negotiate with China to achieve tangible commitments.”

The plan for additional tariffs attracted swift opposition from the National Association of Manufacturers. The group warned that additional tariffs would undermine the U.S. tax and regulatory reforms that it credits with making U.S. companies more competitive in the last year and a half. “The U.S. and China should immediately begin working toward a fair, rules-based trade agreement to end China's market-distorting activities,” NAM President Jay Timmons said in written statement.

#### **Corrections & Amplifications**

An earlier version of the story incorrectly described the National Association of Manufacturers as maintaining a low profile so far in the debate over tariffs. The group has repeatedly urged the Trump administration to pursue negotiated trade deals as an alternative to tariffs. (July 11)

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