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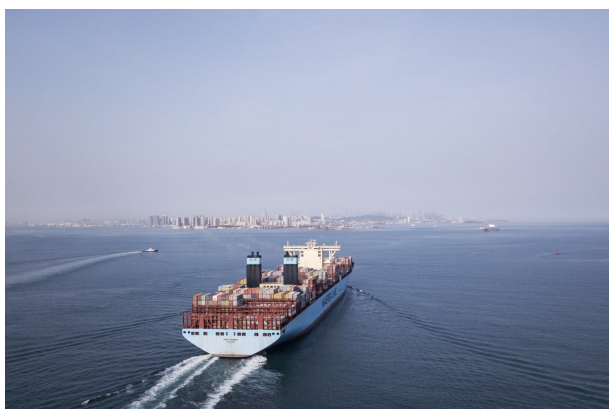
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POLITICS

Donald Trump Threatens New Tariffs on \$200 Billion in China Imports

President says if China retaliates to additional tariffs, he would place further tariffs on Chinese goods, up to a total of \$450 billion



President Donald Trump is preparing broad new tariffs for China, following Beijing's planned levies that were themselves a response to U.S. tariffs on \$50 billion in Chinese imports, finalized earlier this month. PHOTO: QILAI SHEN/BLOOMBERG NEWS

By William Mauldin

June 19, 2018

WASHINGTON—President Donald Trump escalated a trade conflict with China Monday, asking his administration to identify a new list of \$200 billion in Chinese goods that would be penalized with tariffs.

The move followed tariffs applied last week on \$50 billion in Chinese imports to the U.S., designed to punish China for unfair trade practices. Beijing immediately threatened to retaliate with its own equivalent tariffs on U.S. goods.

In a statement late Monday, Mr. Trump said that he now wants U.S. Trade Representative Robert Lighthizer to identify a second tranche of goods imported from China for tariffs of 10%.

Should China retaliate to those additional tariffs, Mr. Trump promised to escalate even further by placing tariffs on another \$200 billion in Chinese goods.

The announcement came hours after the Senate delivered an unusual rebuff to his trade policies, passing a measure reinstating a ban on purchases of U.S. components by Chinese telecommunications company ZTE Corp. that Mr. Trump had sought to overturn.

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“Further action must be taken to encourage China to change its unfair practices, open its market to United States goods, and accept a more balanced trade relationship,” Mr. Trump said in the statement.

The president boasted Monday of his “excellent relationship” with Chinese President Xi Jinping, and said the two would continue working together on

many issues.

“But the United States will no longer be taken advantage of on trade by China and other countries in the world,” he said.

Some of the first tranche of tariffs, aimed at \$50 billion in imports from China and designed to punish Beijing for alleged intellectual-property violations and technology theft, will be implemented July 6 and will add 25% to the price of goods at the border. Beijing said Friday it would retaliate in kind by targeting high-value American exports—including farm products, cars and crude oil.

The quick response from Beijing appeared to provoke Mr. Trump, who says U.S. tariffs are meant to right the wrongs he says the U.S. has suffered in the global trading system under previous administrations.

“This latest action by China clearly indicates its determination to keep the United States at a permanent and unfair disadvantage,” he said, calling Beijing’s response “unacceptable.”

A third round of tariffs would bring the total imports from China subject to U.S. tariffs to \$450 billion, almost as much as the \$505 billion in goods that the U.S. imported from China last year.

By comparison, China only imported \$130 billion in American goods last year, giving Beijing less room to target trade volumes coming from the U.S. than Mr. Trump does in shipments from China.

“Mr. Trump seems to be taking the view that China’s room to retaliate against U.S. tariffs is limited by the fact that the U.S. imports far more from China than it exports to that country,” said Eswar Prasad, an international trade professor at Cornell University. “This could prove to be a dire miscalculation since China could quite effectively hurt American businesses in other ways, including by limiting their sales operations in China and overtly or covertly disrupting their supply chains.”

Business groups and traditional Republicans who back free trade are likely to criticize the new tariff plans. Still, the move may be popular among backers of Mr. Trump who are skeptical of previous administrations’ free-trade bent.

Mr. Trump “has shown that he’s not prepared to tolerate China’s escalation of this,” said former White House chief strategist Steve Bannon. “He could not have had a more aggressive response to this.”

It wasn’t immediately clear how long Mr. Lighthizer’s office would take to identify the new imports subject to tariffs. So far the tariffs aimed at China through a trade law known as Section 301 have been developed in a process that includes opportunities for public comment and hearings in Washington.

“The initial tariffs that the president asked us to put in place were proportionate and responsive to forced technology transfer and intellectual property theft by the Chinese,” Mr.

Lighthizer said in a statement Monday, confirming that his office is preparing to identify imports for the new round of tariffs.

“It is very unfortunate that instead of eliminating these unfair trading practices China said that it intends to impose unjustified tariffs targeting U.S. workers, farmers, ranchers, and businesses.”

The Trump administration sought, in its initial tranche of 25% duties on Chinese goods, to avoid consumer items or other products that could hurt Americans at the checkout counter, and flat-screen televisions were excluded from the finalized tariffs last week. Avoiding retail goods may prove harder as the amount of imports rises in the current fight with China.

“This is a global trade war, plain and simple, and the American families will be the ones who suffer most,” said Hun Quach, vice president at the Retail Industry Leaders Association, a trade group.

Mr. Trump’s tariffs on Chinese-made goods, as well as on steel and aluminum tariffs from around the world, are prompting increased concern from businesses and Republican lawmakers. Many Democratic lawmakers applaud the use of tariffs as a tool to rein in China’s behavior but fault Mr. Trump for a “chaotic” policy.

The duties are kicking off trade conflicts from the European Union to Canada, and so far the Trump administration hasn’t announced any major new deals won with the threat of tariffs. At times, Mr. Trump has used national-security laws to impose tariffs, leading to challenges at the World Trade Organization.

Not all of Mr. Trump’s warning of tariffs have translated into U.S. policy, and the president has frequently shifted gears. Previously Mr. Trump had said that retaliation from China on the first \$50 billion in U.S. tariffs would lead to an additional \$100 billion in goods targeted by the U.S., but on Monday he said the next step would be for \$200 billion.

On the Senate ZTE vote, Mr. Trump is expected to turn his attention to persuading congressional negotiators to strip out the ZTE sales ban from a larger, must-pass defense bill, as they reconcile competing House and Senate versions of the legislation.

Mr. Trump had personally negotiated with Mr. Xi, the Chinese president, to get ZTE back in business by overriding an earlier decision by his own Commerce Department to block sales to the telecom company.

ZTE has repeatedly violated U.S. sanctions, the Commerce Department says. U.S. intelligence officials also have long warned that its equipment could be used to spy on Americans. The company has denied the accusation.

—Peter Nicholas, Siobhan Hughes and Kate O’Keeffe contributed to this article.

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Corrections & Amplifications

The U.S. applied tariffs on \$50 billion in Chinese imports. A photo caption with an earlier version of this article incorrectly said the tariffs totaled \$50 billion. (June 19)

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