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POLITICS

Trump Announces New Tariffs on Chinese Imports

10% tax on \$200 billion in Chinese imports will take effect next week, rise to 25% at year's end; more threatened



Once the new measures take effect, Mr. Trump will have imposed tariffs on nearly half of the Chinese goods imported to the U.S., which last year were valued at \$505 billion. PHOTO: EVAN VUCCI/ASSOCIATED PRESS

By *Jacob M. Schlesinger and Vivian Salama*

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WASHINGTON—President Trump said Monday he will impose new tariffs on about \$200 billion in Chinese goods and threatened to add hundreds of billions more as part of his campaign to pressure Beijing to change its commercial practices, escalating trade tensions between the world's two largest economies.

The 10% tax on Chinese imports will take effect on Sept. 24 and will rise to 25% at the end of the year, according to administration officials. The tariffs will affect thousands of goods ranging from luggage to seafood, extending the impact of Mr. Trump's aggressive tariff policy for the first time to a broad population of American consumers.

Chinese trade practices “plainly constitute a grave threat to the long-term health and prosperity of the United States economy,” Mr. Trump said in a statement.

China's Commerce Ministry on Tuesday vowed unspecified countermeasures, saying in a brief statement on its website that China “has no choice but to undertake synchronous retaliation” to defend its interests and the global free-trade order. The U.S. tariff plan has created “new uncertainty” for negotiations between the two countries, said the statement, which was attributed to an unnamed spokesman.

The statement didn't mention the commensurate tariffs Beijing previously said it would impose on \$60 billion in U.S. goods if the Trump administration went ahead with this latest tariff round. Other retaliatory measures are likely to include delays in licensing and project approvals, according to officials and trade experts.

Anticipating such a response, Mr. Trump said he would punch back even harder, stating that “if China takes retaliatory action against our farmers or other industries, we will immediately pursue....tariffs on approximately \$267 billion of additional imports. “

The announcement means that starting next week, Mr. Trump will have imposed tariffs on nearly half of the Chinese goods imported to the U.S., which last year were valued at \$505 billion. If he follows through on his next threat, all Chinese imports would be hit.

Monday's announcement leaves uncertain the status of trade talks Treasury Secretary Steven Mnuchin has been trying to organize over the next two weeks with high-level Chinese officials, in an effort to lower the heat between the two countries. Mr. Trump set the duties to kick in three days before Chinese Vice Premier Liu He was aiming to come to Washington—a clear statement that there would be no prospect the talks could stave off the latest round of penalties.

Asked if Mr. Liu would go ahead with the trip if the tariffs were announced before he arrived, Mr. Geng said China would only hold talks “on the basis of equality,” an indication that the new penalties could scuttle the meetings.

The Trump administration did take some steps to soften the potential blow to the U.S., with the final plan reflecting some changes from the original version laid out a few weeks earlier.

Officials had said the duties would start out at 25%, but ended up deciding to phase them in, starting at 10% next Monday before going to 25% at the beginning of 2019.

“We wanted to give people more of a chance to look for alternative supplies...to make adjustments,” a senior administration official told reporters. Other officials have said they also wanted to diminish the impact on consumers in the holiday shopping season.

In response to thousands of comments submitted by importers seeking to be spared the taxes, the administration removed about 300 products that had been included in the original tariff list released in early July.

Among the products removed were smartwatches, following a direct plea by Apple Inc., which relies heavily on production in China and has said it would be hit especially hard by the duties. Officials said they also removed Bluetooth devices, bicycle helmets, high chairs and car seats.

Despite those adjustments, the president's new round of tariffs drew immediate and widespread condemnation from the American business community, which has steadily opposed such duties, even as many executives say they share the administration's complaints about Chinese trade practices.

“We are extremely discouraged by the decision to move forward on tariffs on millions of products American consumers buy every day,” said Hun Quach, vice president of international trade for the Retail Industry Leaders Association, a trade group representing large chains like Walmart and Best Buy .

“Tariffs are a tax on American families, period,” Ms. Quach said. “Consumers—not China—will bear the brunt of these tariffs.”

A recently formed coalition of business and farming groups called Tariffs Hurt the Heartland vowed to try to turn its opposition to the new import curbs into an issue in this fall's congressional campaign, one already seen as difficult for Mr. Trump's Republican party. “Together, we will ensure that Washington understands the real-life consequences of tariffs for communities across the country,” the group said in a statement.

Many business groups are also looking into the prospect of filing lawsuits to try to block the administration actions, alleging that the decisions were made hastily and without due consideration for industry input. To support these criticisms, businesses may invoke the administration's rapid timeline for completing this round of tariffs, compared with earlier, smaller tranches.

The \$200 billion in duties were finalized less than two weeks after the end of a comment period that drew 6,000 written submissions and more than 300 witnesses at public hearings. That compares with the three weeks spent earlier honing a list of tariffs covering just \$34 billion in goods, with \$16 billion added a month later.

The Consumer Technology Association trade group called the expected tariffs “legally questionable.”

The new penalties follow an administration investigation, the report for which was released in March, concluding that China has improperly forced American companies to turn over valuable intellectual property to gain access to the Chinese market. China has denied the allegations.

Senior administration officials defended the administration's policies and processes in a call with reporters laying out the new tariffs.

“This administration inherited a situation where the U.S. was being treated unfairly by China for a very, very, very long time,” one official said. He said the Trump administration “gave China over a year to talk to us, to come up with some sort of an answer.” He said China so far has avoided the economic reforms the administration has demanded.

The officials also played down any potential impact on the U.S. economy as minimal, with one saying that “the goal here is to increase long-term economic growth for the United States by opening up barriers into China, which is going to help all Americans.”

They declined to comment on the specific status of possible talks with top Chinese representatives, saying “our teams remain in touch.”

The question of whether and how to continue talks with China while imposing ever-greater tariffs has exposed deep divisions within Mr. Trump’s trade team, between officials like Mr. Mnuchin, who are eager to find a negotiated solution to contain the economic fallout, and those like U.S. Trade Representative Robert Lighthizer, who feel that years of negotiations with China by previous administrations have been futile and encouraged China to avoid opening up its markets.

Mr. Liu and top administration officials held several rounds of talks in advance of the first round of tariffs being imposed in early July, and failed to bridge their differences.

After a few weeks’ hiatus, a mid-level Chinese delegation visited Washington in late August and Mr. Mnuchin last week sent an invitation for more discussions later this month.

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But Mr. Mnuchin’s efforts have been opposed by other members of Mr. Trump’s trade team, who worried that it would look as if the administration’s resolve was weakening. Mr. Trump gave his approval for Mr. Mnuchin to try and arrange the meetings, but also made clear that wouldn’t stop the swift imposition of tariffs. That may undercut Mr. Mnuchin’s credibility in Beijing, making it more difficult to restart talks.

“This president is standing up to Chinese predation,” Peter Navarro, Mr. Trump’s trade adviser on China, said in an interview with Fox News, describing the president’s decision to issue more tariffs is “historic.”

“So far, the Chinese have responded, not by changing their behavior but rather by slapping tariffs back on us and engaging in the bullying of our farmers,” he added.

—*Lingling Wei in Beijing contributed to this article.*

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Corrections & Amplifications

Hun Quach, vice president of international trade for the Retail Industry Leaders Association, was incorrectly referred to as Mr. Quach instead of as Ms. Quach in an earlier version of this article. (Sept. 17, 2018)

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