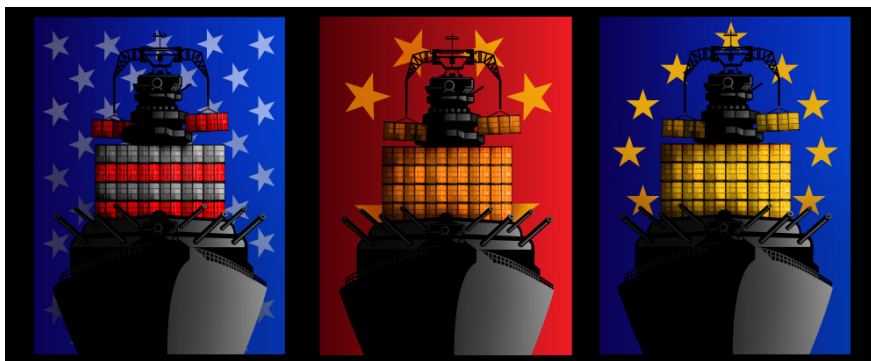


## China exempts some US imports from extra tariffs

China's State Council has exempted some tariffs on US goods. Is this a concession to the US ahead of the October trade talks? We don't think so and see this more as a policy to support the economy



Source: Shutterstock

### Only 16 items are exempt from extra tariffs of 25%

While perhaps surprising on the surface, the move by China has, in fact, been under consideration since May. The 16 [items exempted](#) from the additional 25% tariffs are mostly lubricants and fodder.

### US exempted 110 items in July

China is not the first to offer exemptions during this trade war.

The [US also exempted 110 imported Chinese products](#) from tariffs back in July. Most of these included medical equipment and parts, which are high-value products.

If exemptions are viewed as a form of concession, then the US has given more.

### China's move is supportive to the economy

The exemption could be seen as a gesture of sincerity towards the US ahead of negotiations in October but is probably more a means of supporting the economy.

## Still lots of uncertainty over October trade talks

There are still many uncertainties in the coming trade talks. An exemption list of just 16 items will not change China's stance. We believe that China will stand very firm in the negotiations, which will be similar to the last round of talks.

Our house view is that the two countries are unlikely to reach a deal this year.