

Snap | 11 July 2018

US moves to raise tariffs on a further \$200bn of imports from China

The list of products released today sees the US taking a further step in escalating its trade dispute with China



The US's dispute with China centres on what the US describes as "unfair" Chinese practices related to the transfer of technology and the use of foreign intellectual property.

The first blows were struck on 6 July, when the US imposed 25% tariffs on approximately \$34bn of imports from China (25% tariffs on a further \$16bn of imports from China are to follow, "once legal processes conclude"). China retaliated by imposing tariffs on \$34bn of imports from the US, and now the US is preparing the way to retaliate against this retaliation.

President Trump has been threatening that any retaliation by China would be met with further tariff increases by the US, so the US's move is not a surprise, and China can now expect the same to happen again if it retaliates. The tariffs implemented on Friday affect around 6% of US imports from China, but if the further tariff increases go ahead, they will affect more than 40% of US's imports from China and 10% of its global imports. As Chinese imports from the US totalled \$168bn in 2017, retaliation in kind is not an option, but that is not to say that will bring the dispute to an end. Our China Economist, Iris Pang, has much more on that [here](#).

The [statement](#) by Trade Secretary Robert Lightzinger provides some insight into the US position, which describes the tariffs on a further \$200bn worth of imports from China as a way of "obtain[ing] the elimination of China's harmful industrial policies". President Trump's focus on bilateral trade deficits would have been better served by accepting China's earlier offer in talks to increase imports from the US by \$70bn.

We don't expect many concessions from China, and objections to tariff increases from US businesses and politicians have also not been able to change the course of US trade policy. The list of products will bring more consumer products into the conflict. An end to the dispute may come as import tariffs begin to bite, if [US voters](#) begin to withdraw support.

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