

Snap | 15 June 2018

US tariffs on Chinese imports invite retaliation

The US is already seeing retaliation from its major trade partners after it raised steel and aluminium tariffs. Now it has escalated its dispute with China



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The US has [confirmed](#) the list of approximately \$50 billion worth of Chinese products to be targeted with higher import tariffs. The tariffs- which target the key sectors in China's "Made in China 2025" industrial strategy including chemicals, pharmaceutical products and industrial machinery- form part of the US's dispute with China over intellectual property and technology transfer. The tariffs will come into effect in stages, with the first set coming into effect on 6 July and the remaining set after further public consultation. China is likely to retaliate by raising tariffs on imports of US products, including soybeans.

The US is trading blows with its other main trade partners too. Canada, Mexico and the EU have responded to US tariffs on steel and aluminium by announcing their own tariffs on imports from the US, in addition to challenging the national security basis for the US tariffs at the WTO. Canada's decision to retaliate was the apparent cause of the spectacular implosion of the affirmation of commitments to free trade made at last week's G7 [meeting](#). The EU will raise tariffs from the

beginning of July on imports of American jeans, bourbon, and motorbikes.

Cars look likely to be the next front in the developing trade war, as the US Department of Commerce has started investigating whether car imports represent a threat to US national security. With the EU, Mexico and Canada challenging the US's use of national security as a cover for the steel and aluminium tariff increases, and the car industry at the centre of the Nafta negotiations, higher tariffs are likely to spark retaliation by the US's trade partners.