

# Trump's China tariffs: how long can the USTR shield US consumers?

Blog post by Senior Associate Guillaume Ferlet, 16 July 2018

US President Trump upped the ante in his trade dispute with China earlier this week by mandating his US Trade Representative to release a list of up to \$200bn in Chinese goods on which a new 10% tariff would apply by the end of the summer. Whether this can bring change in Chinese trade practices, or at least force Beijing back to the negotiating table, remains questionable. But what is certain is that it is becoming increasingly difficult for Trump's trade officials to hit China with new tariffs without also directly impacting consumers.

The first tariffs on \$50bn in Chinese goods announced in May, and whose partial implementation kicked in last week, almost entirely aimed at inputs and parts imported from China. Flat screen TVs were the only finished products on the list. This was designed to limit the impact on US consumers of Trump's choice of an aggressive negotiating strategy with China.

Targeting an extra \$200bn in Chinese goods brings the challenge to a whole new level for US trade officials. Half of the US's goods imports from China are now about to be covered by punitive tariffs (US goods imports from China stood at \$506bn in 2018). In this case, keeping consumer goods out of the impact zone becomes naturally problematic.

The USTR has, nonetheless, managed once again to keep consumer products mostly out of its retaliatory lists. While items such as refrigerators, vacuum cleaners, or bicycles have fallen victim to the trade dispute, the rest of the \$200bn list is made of parts and inputs rather than final products, especially in crucial sectors such as textiles where tight margins mean any additional costs would be passed on to consumers in the mall.

However, that can only last as long as Trump's instinct for imposing more tariffs is kept in check. If the US president were to make good on his threat to impose punitive tariffs on all Chinese imports into the US at a later stage of the dispute, avoiding the impact on end consumers will be impossible. That could change the practical impact – and probably the politics too.

## US tariff line coverage under expanded Section 301 measures

