

China lifts some tariffs ahead of trade talks, but it won't help US farmers

By [Katie Lobosco](#) and [Donna Borak](#), CNN

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Washington (CNN) — The Chinese are waiving tariffs on some US goods, but the move won't offer relief American farmers who have been the hardest hit by Beijing's retaliatory tariff

Duties are still in force on US agricultural products like soybeans and pork, making them more expensive Chinese buyers, as well as billions of dollars of other US goods.

Beijing has created a political headache for President Donald Trump by targeting American farmers, who are an important part of his base. The President has directed \$28 billion [aid to farmers hurt by the trade war](#). While talking to reporters in the Oval Office on Wednesday, Trump struck an optimistic tone about negotiations with China.

"They made a couple of moves last night that were pretty good," he said about the tariff waiver

"It was a gesture, but it was a big move. People were shocked. I wasn't shocked. But I deal with them and I know I'm going to like them and I hope we can do something," the President added

Later Wednesday night, Trump made a gesture of his own by announcing he would push back new tariff Chinese goods for two weeks. This round of tariffs applies mostly to industrial goods

"At the request of the Vice Premier of China, Liu He, and due to the fact that the People's Republic of China will be celebrating their 70th Anniversary on October 1st, we have agreed, as a gesture of good will, to maintain the increased Tariffs on 250 Billion Dollars worth of goods (25% to 30%), from October 1st to October 15th," the President wrote.

Officials on Wednesday cast Trump's move as a major gift to Chinese leader Xi Jinping, who has been preparing for the 70th anniversary for a long time. Initially the anniversary celebration was intended to be a show of Xi's strength -- coming after his term limit was extended indefinitely and he consolidated more power than any leader since Mao Zedong.

But after Hong Kong unrest and the trade war, there was some question of whether this major event would be dampened. Now Trump has signaled he's willing to make concessions that can allow Xi to maintain face politically -- and will likely look for something similar in return

entrenchment in the trade war.

China was the biggest market for US soybeans before Beijing imposed tariffs last July but its purchases of US soybeans nearly stopped. Exports of soybeans to China fell to \$3.1 billion in 2018, down from \$12.1 billion the year before, leaving [a record number in storage](#) at the end of last year's harvest.

[Pork producers](#) are particularly concerned that they are missing out on a growing Chinese market, where demand has accelerated because of an African swine fever affecting domestic hog

Beijing's tariffs also affect some American-grown wheat, cotton, almonds and peanuts, as well as US-made toys, chemicals and machinery. China imposed tariffs on about \$110 billion of US products in 2018 and started to put new tariffs on \$75 billion of goods on September 1 -- and plan to phase those in before the end of the year.

The tariffs on US items make them more expensive to Chinese customers. Year to date, US exports to China are down 17%, according to US Census data.

But Trump's tariffs have made Chinese goods more expensive too. The United States has imported about 12% less in goods from China so far this year.

In recent weeks, China has signaled it's willing to absorb economic pain, while the Trump administration held onto the belief that the trade war will cause more harm to Beijing than to the United States, and has disavowed that the US is facing any economic pain from the longstanding dispute.

"It's fair to say it's impacted the Chinese economy. We have not seen any impact on the US economy," said Treasury Secretary Steven Mnuchin in an interview with Fox Business Network on Monday.

Overall, the US economy is still strong and adding jobs [though hiring slowed in August](#). But cracks are starting to show in the manufacturing industry. A key industry index showed that the sector contracted in August for the [first time in three years](#).

"The US industry doesn't see it that way at all," said Rufus Yerxa, president of the National Foreign Trade Council, a trade group representing US businesses. "It's already causing a lot of harm here and the consumer impact is getting bigger."

"The fear is we have overplayed our hand in a way that isn't moving the Chinese in the right direction," I said.

The Trump administration has imposed tariffs on more than \$250 billion of Chinese-made goods, making them more expensive for US importers. One estimate from JPMorgan said the duties are already [costing the average American household \\$600 per year](#).

Most of the US tariffs have affected industrial goods, but on September 1, new duties went into effect on some sneakers and clothing. Tariffs are set to go into effect on more consumer goods, including iPhones and laptops, in December.

[Beijing said Wednesday](#) that it will waive its tariffs on 16 items -- including cancer drugs, shrimp and fish meal -- for the period of one year. These aren't at the top of the list of US exports to China, but they are things that are important to Chinese consumers.



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Trump's trade team led by Amb. Robert Lighthizer, the country's top trade negotiator, and Mnuchin are expected to meet with Chinese Vice Premier Liu He next month following a deputy-level meeting in the coming weeks.

Mnuchin declined to comment in his remarks Tuesday on whether the Trump administration is anticipating relief for American farmers, but stressed that "part of any discussion we are talking about agricultural purchases is that's very important to us -- defending our farmers.

CNN's Nikki Carvajal and Kevin Liptak contributed to this report.

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