Beijing hits back at new tariff

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By Zhao Huanxin,Zhong Nan,Jing Shuiyu |   
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China will impose a 25 percent tariff on $16 billion in imports of goods from the United States on Aug 23, the latest countermeasure to defend its legitimate interests and the multilateral trading system, the Ministry of Commerce announced late on Wednesday.  
The latest US move has unreasonably put its domestic law above international law again, the ministry said in a statement. China will implement its tariff simultaneously with the US measure, the statement said.  
China will impose the tariff on 333 categories of US products including vehicle engines, vans, cars, trucks and chemicals, according to an announcement and an attached list issued by the Customs Tariff Commission of the State Council on Wednesday.  
The announcements came after the Office of the US Trade Representative announced on Tuesday it would collect the 25 percent tariff on an additional $16 billion worth of Chinese imports starting on Aug 23.  
The US trade representative's office released a final tariff list on Tuesday targeting 279 product categories from China. Only five products including floating docks were omitted from what the office initially proposed on June 15.  
The majority of the $16 billion worth of Chinese products subject to the US tariffs are semiconductors and related products.  
Many of them are designed and manufactured in the US, then shipped to China for testing and packaging.  
The tariff will cause financial losses for the US industries, said Guo Xin, a researcher at the Beijing-based Chinese Academy of Science and Technology for Development.  
The US Semiconductor Industry Association estimated that the US imports from China stood at $2.5 billion in 2017.  
If the tariffs take effect, it is highly likely that rising costs will be passed on to US companies.  
Gary Hufbauer, a nonresident senior fellow at the private Peterson Institute for International Economics, based in Washington, DC, said the US trade representative's office simply doesn't mind hurting major US firms that rely on Chinese semiconductors.  
"USTR will say that these firms are profitable and can absorb the tariffs and not raise prices," Hufbauer said.  
According to the list released by the US trade representative's office, other sectors that are subject to higher additional tariffs include circuit components for remote controls and vending machines, resistors and capacitors.  
The US already imposed a 25 percent tariff on $34 billion in Chinese goods in July and China responded in kind. Washington also threatened on Aug 1 to levy an extra 25 percent duty on $200 billion worth of Chinese products.  
Dong Yang, vice-president of the Beijing-based China Machinery Industry Federation, said the US calculations for its tariff policy are based on three assumptions: that they won't substantially affect US consumers; that the US can find alternative markets to meet the demand for goods; and that higher tariffs will hinder upgrades to China's manufacturing industry.  
Jon Taylor, a professor of political science at the University of St. Thomas in Houston, said the US tariff list will serve only to place US companies at a greater disadvantage rather than forcing China to change its behavior.  
"Simply put, the longer that US President Donald Trump's counterproductive trade war continues, the greater the negative impact on the US, as well as on China and the world," Taylor said.  
Contact the writers at zhongnan@chinadaily.com.cn

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