



# China-US Trade Disputes (XII)

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Global Sourcing

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## China and US finalize tariffs on US\$16 billion of imports

**This brings total amount of Chinese and US goods subject to tariffs up to US\$50 billion**

*The US and China announced on Tuesday (7 August) and Wednesday (8 August), respectively, that they will levy 25% additional tariffs on US\$16 billion worth of imports from each other starting from 23 August. These tariffs were part of the tariffs proposed earlier by the two countries on US\$50 billion of goods from each other. We will continue to closely monitor developments in this regard.*

### [The US tariffs on US\\$16 billion of Chinese goods](#)

The Office of the United States Trade Representative (USTR) released on 7 August a list of Chinese imports worth US\$16 billion that will be subject to 25% additional tariffs starting from 23 August. This second tranche of additional tariffs follows the first tranche of tariffs on US\$34 billion of Chinese imports which kicked in on 6 July, bringing the total amount of Chinese goods that face 25% additional tariffs up to about US\$50 billion.<sup>1</sup>

The finalized product list contains 279 of the original 284 tariff lines on a proposed list announced on 15 June. The tariff list is designed to avoid consumer goods, focusing instead on chemicals, plastics and resins, locomotives and other railway equipment, machinery, and other industrial items. The tariff list can be found [here](#).

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<sup>1</sup> <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/august/ustr-finalizes-second-tranche>

## China's tariffs on US\$16 billion of US goods

In response to the US move, the Chinese government announced the next day (8 August) that it will impose the same extra tariff rate (25%) on the same amount of US imports (US\$16 billion) starting from the same date (23 August).<sup>2</sup>

China's retaliation list covers a total of 333 tariff lines, which is much longer than the initial list of 114 lines released on 15 June. In the finalized list, items such as crude oil and some chemical products have been removed, while motor vehicles, waste products and plastics have been added. Other goods on the finalized list includes medical equipment and energy products such as natural gas. The tariff list can be found [here](#).

In a ministry statement, the Chinese government also called the US tariffs 'very unreasonable' and said that China 'has no choice but to respond to protect its own interests and the multilateral trade system'.<sup>3</sup>

## Our take

The latest tariffs bring the total amount of imports from both China and the US that face 25% additional tariffs to about US\$50 billion by 23 August. In such a rapidly escalating trade war, additional import duties could eventually be extended to cover almost all items traded between the world's two largest economies.

Against this backdrop, sourcing businesses need to get prepared for the possible escalation of the China-US trade war and carry out strategic planning and re-planning for their supply chains, to mitigate potential negative impacts on their business. This includes exploring alternative sources of supply, as well as conducting country of origin management and customs valuation planning.

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<sup>2</sup> <http://www.mofcom.gov.cn/article/ae/ai/201808/20180802773926.shtml>

<sup>3</sup> <http://www.mofcom.gov.cn/article/ae/ag/201808/20180802773923.shtml>

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