



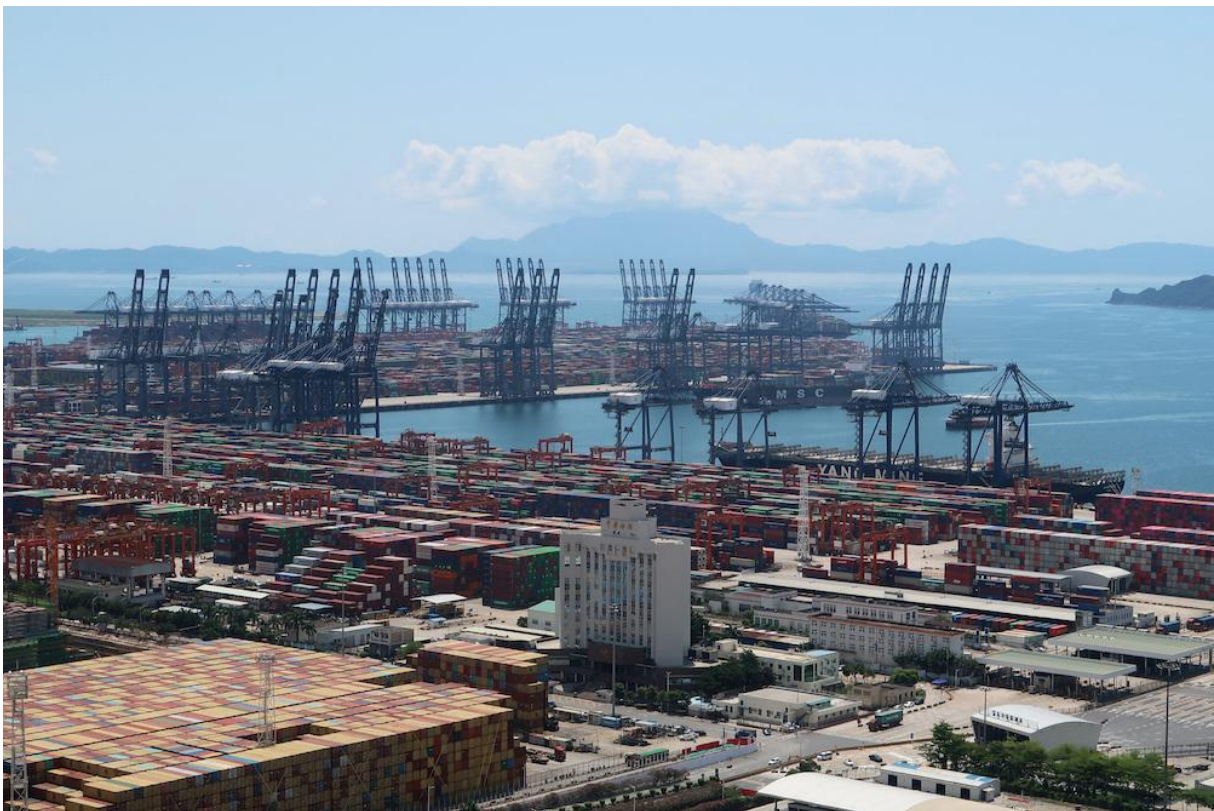
China launches limited tariffs after Trump imposes sweeping new levies

ReutersBy Trevor Hunnicutt and Kevin KrolickiBy: Reuters | Feb 04 2025 at 10:10 AM | [International Trade](#)

China imposed targeted tariffs on American imports on Tuesday and put several U.S. companies, including Google, on notice for possible sanctions, in a measured response to the sweeping duties on Chinese imports imposed by President Donald Trump.

Beijing's limited reply to Trump's imposition of a 10% tariff on all Chinese imports underscored the attempt by Chinese policymakers to engage Trump in talks to avert an outright trade war between the world's two largest economies.

Capital Economics, a U.K.-based research firm, estimated that China's additional tariffs would apply to about \$20 billion of annual imports, compared with the \$450 billion worth of Chinese goods subject to the Trump tariff that took effect at 12:01 a.m. ET on Tuesday (0501 GMT).



Cranes and containers are seen at the Yantian port in Shenzhen, Guangdong province, China.
REUTERS/Martin Pollard

"The measures are fairly modest, at least relative to U.S. moves, and have been calibrated to send a message to the U.S.," Julian Evans-Pritchard, the firm's head of China Economics, said in a note.

Trump on Monday suspended his threat of 25% tariffs on Mexico and Canada at the last minute, agreeing to a 30-day pause in return for concessions on border and crime enforcement.

Trump plans to speak to Chinese President Xi Jinping later in the week, a White House spokesperson said.

Trump suggested on Sunday that the European Union would be his next target for tariffs, but did not say when.

Ursula von der Leyen, head of the EU's executive European Commission, said Brussels would be ready for tough negotiations but underlined the need to lay foundations for a stronger partnership with the EU's largest trade and investment partner.

"We will be open and pragmatic in how to achieve that. But we will make it equally clear that we will always protect our own interests – however and whenever that is needed," she said in a speech.

The European Commission and the new U.S. administration have been in contact at a technical level but Von der Leyen and Trump have not spoken directly yet, a Commission spokesperson said.

China's new measures, announced as the Trump tariff took effect, include a 15% levy on U.S. coal and LNG and 10% for crude oil, farm equipment and a small number of trucks as well as big-engine sedans shipped to China from the U.S.

China said it was starting an anti-monopoly investigation into Alphabet Inc's Google. It put PVH Corp the holding company for brands including Calvin Klein, and U.S. biotechnology company Illumina on a list for potential sanctions.

Google declined to comment on the investigation. PVH and Illumina did not respond to requests for comment outside regular U.S. business hours.

EXPORT CONTROLS ON SOME METALS

China said it was imposing export controls on some metals, including tungsten, that are critical for electronics, military equipment and solar panels.

The 10%-duty China announced on electric trucks imported from the U.S. could apply to Elon Musk's Cybertruck, a niche offering Tesla has been promoting in China. Tesla had no immediate comment.

China's new tariffs will not take effect until Feb. 10, giving Washington and Beijing time to try to seek a deal that Chinese policymakers have indicated they hope to reach with Trump as China's domestic demand sputters.

During his first presidential term, Trump initiated a two-year trade war with China over its U.S. trade surplus, with tit-for-tat tariffs upending global supply chains and damaging the world economy.

"The trade war is in the early stages so the likelihood of further tariffs is high," Oxford Economics said in a note as it downgraded its China economic growth forecast.

Trump said he might increase tariffs on China further unless Beijing stemmed the flow of fentanyl, a deadly opioid, into the U.S.

China has called fentanyl America's problem and said it would challenge the tariffs at the World Trade Organization and take other countermeasures, while leaving the door open for talks.

The U.S. is a relatively small source of crude oil for China, accounting for 1.7% of its imports last year, worth about \$6 billion. Just over 5% of China's LNG imports come from the U.S.

Crude prices extended losses after China's retaliation, and stocks in Hong Kong pared gains. The dollar strengthened and the Chinese yuan, the euro, the Australian and Canadian dollars and Mexico's peso fell, reflecting market concerns about the risk of a protracted global trade war. [MKTS/GLOB]

"Even if the two countries (the U.S. and China) can agree on some issues, it is possible to see tariffs being used as a recurrent tool, which can be a key source of market volatility this year," said Gary Ng, senior economist at Natixis in Hong Kong.

There was relief in Ottawa and Mexico City after Canadian Prime Minister Justin Trudeau and Mexican President Claudia Sheinbaum said they had agreed to bolster border enforcement, pausing 25% tariffs due to take effect on Tuesday for 30 days.

EU trade chief Maros Sefcovic said he wanted early talks with the U.S. to ward off potential tariffs.

"We believe through constructive engagement and discussion we can resolve this problem," he said.



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