

## China Announces Retaliatory Tariffs on U.S. Exports



Port of Shanghai's Yangshan terminal complex (file image)

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In response to the Trump administration's newly-enacted 10 percent tariff on all Chinese goods, Beijing has announced a package of measures that demonstrate its range of policy responses - not just tariffs, but targeted law enforcement and export restrictions.

Trump's 10 percent tariff on all goods imported from China took effect Tuesday, and it covers virtually all categories of goods. Unlike the tariff hikes issued during the first Trump administration, this round also affects a broad range of consumer goods like electronics, clothing and shoes. Trade associations for affected industries, like the American Association of Port Authorities (AAPA), have pushed back on the new policy.

"Tariffs are taxes," said Cary S. Davis, AAPA President and CEO. "Though the port industry supports President Trump's efforts to combat the flow of illicit drugs, tariffs will slow down our supply chains, tax American businesses and increase costs for hard-working citizens."

China has also begun to push back. In a statement, China's Ministry of Finance announced that a 15% tariff will be imposed on imports of U.S. coal and liquefied natural gas, two industries that are important to the Trump administration's economic development goals. In addition, a 10% tariff will be imposed on crude oil, agricultural machinery, and large cars and pickup trucks. All the measures take effect on February 10, giving a few days for negotiations.

The actual value of affected U.S. exports in these categories amounts to about \$20 billion - a small fraction of the \$450 billion in Chinese exports that are affected by Trump's tariffs. While

comparatively small, the measures send a signal about which U.S. industries China might target to put political pressure on the White House.

On the same day, China's State Administration for Market Regulation announced that it would be opening an antitrust investigation into Google - not unexpected, as Google faces similar inquiries in at least five other nations. However, the timing of the announcement has been widely interpreted as a way to create a new bargaining chip for trade talks with the White House.

China's government also said that it would restrict exports of tungsten, indium, bismuth, tellurium, and molybdenum - five key minerals for defense and tech manufacturing - but didn't name any specific country.

The first signs of economic impact may begin soon. Steel vendors in the U.S. have already announced price hikes in connection with the White House's sweeping tariff plans, and if the full package of North American tariffs takes effect in March, steel prices could rise by an estimated 10-15 percent. This could increase the costs of newbuilds and ship repair projects within the United States, with an [impact](#) on the U.S. Navy, the largest customer of the U.S. shipbuilding industry.

Consumers who shop with Chinese online retailers will also notice the tariff changes. Until Tuesday, imported packages from China valued under \$800 were exempt from U.S. customs duties; that changed overnight with the White House's order, and these small retail shipments - three million parcels a day - are now subject to the detailed paperwork requirements of a full customs declaration. This may increase the burden on U.S. customs officials and delay shipment clearance, FedEx VP Ralph Carter [said](#) in an online event last year. Simultaneously, the U.S. Postal Service has temporarily stopped taking mailed parcels from China, leaving shippers dependent upon commercial air freight services.