

## US readies new tariffs against China

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Bicycles that were produced in China are lined up for sale in a Target store in Los Angeles, California, on Monday.

**Photo: AFP**

The US prepared to hit China with new tariffs even as US President Donald Trump said he would meet Chinese President Xi Jinping (习近平) at next month's G20 summit, an encounter that could prove pivotal in a deepening clash over trade.

The US Trade Representative's (USTR) office on Monday released a list of about US\$300 billion of Chinese goods, including children's clothing, toys, mobile phones and laptops, that Trump has threatened to hit with a 25 percent tariff.

If the president proceeds with the tariffs, it would see almost all imports from China covered by punitive duties.

It also would turn the president's trade disputes into a tangible reality for many Americans as he seeks re-election.

At the same time, Trump is sounding optimistic about the chances of a deal.

"When the time is right we will make a deal with China. My respect and friendship with President Xi is unlimited but, as I have told him many times before, this must be a great deal for the United States or it just doesn't make any sense," he tweeted yesterday.

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Under a process outlined by US officials, the new tariffs would not take effect until late next month at the earliest, but that could come just as Trump meets with Xi on the sidelines of a G20 meeting on June 28 and 29 in Osaka, Japan, raising the stakes in an already escalating trade war.

Trump earlier on Monday warned Beijing not to go too far in responding to US trade actions, after his move last week to increase import duties on a separate US\$200 billion tranche of imports from China.

“There can be some retaliation, but it can’t be very substantial,” Trump told reporters at the White House during a meeting with Hungarian Prime Minister Viktor Orban.

The release of the additional tariffs list and the continuing escalation it signals drew an outcry from business groups that have been lobbying against the duties.

The USTR said that the new tariffs would not apply to pharmaceuticals or rare earths.

“We support the administration’s efforts to deliver a meaningful trade agreement that levels the playing field for American businesses and workers,” National Retail Federation president and CEO Matthew Shay said in a statement. “But the latest tariff escalation is far too great a gamble for the US economy.”

Economists have warned that the existing tariffs would hurt US growth, but they are also worried an escalation to cover all trade from China and the Chinese retaliation it would provoke would do far more damage and could even tip the US economy into recession.

China on Monday announced plans to raise duties on about US\$60 billion in US imports starting June 1, defying a call from Trump to resist escalating the trade dispute.

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Less than two hours after Trump tweeted a warning that “China should not retaliate — will only get worse!” the Chinese Ministry of Finance unveiled the measures on its Web site.

The new rate of 25 percent is to apply to 2,493 US products, with other goods subject to duties ranging from 5 percent to 20 percent, it said.

Higher US tariffs would drive up the US Federal Reserve’s preferred measure of underlying inflation, and further escalation could raise consumer prices even more and dent US growth, Goldman Sachs Group Inc economists said in a research note.

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