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Trump raises temperature with new tariffs in China trade battle

Shawn Donnan & Ed Crooks

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Beijing has reacted angrily to Donald Trump's approval of broad tariffs on US imports of solar cells and washing machines, with the commerce ministry proclaiming its "strong dissatisfaction" with the move and noting that China would "resolutely defend its legitimate interests".

The tariffs, announced on Monday by the US president, marked the first in a series of anticipated moves aimed at cracking down on China and fulfilling Mr Trump's protectionist promises to US rust-belt voters.

Wang Hejun, an official at China's commerce ministry, on Tuesday said the tariffs "not only hurt the healthy development of the industries in US but also worsen the global trade situation of the relative products".

Employing a rarely used provision in US law designed to protect domestic manufacturers from "serious injury", Mr Trump ordered tariffs of up to 50 per cent on imported washing machines for the next three years and of up to 30 per cent on solar cells for the next four years.

Although the US has imposed anti-dumping and other narrow tariffs against products as part of a quasi-judicial process over the past year, Monday's tariffs mark the first signed off directly by Mr Trump since he took office.

"The president's action makes clear again that the Trump administration will always defend American workers, farmers, ranchers, and businesses," said Robert Lighthizer, the US trade representative.

South Korean companies LG Electronics and Samsung Electronics — both accused by US manufacturer Whirlpool of selling washing machines too cheaply in America — have appeared resigned to the tariffs and are building domestic plants in South Carolina and Tennessee.

"Today's announcement is a great loss for American consumers and workers. This tariff is a tax on every consumer who wants to buy a washing machine. Everyone will pay more, with fewer choices, " Samsung said.

The Solar Energy Industries Association said the tariffs would lead to the loss of up to 23,000 US jobs this year and result in the delay or cancellation of billions of dollars in investment in solar projects.

Both sets of tariffs will phase out relatively quickly, and also include exemptions. The first 2.5 gigawatts of solar cell imports will not be subject to tariffs, while the first 1.2m washing machines imported will face a lower 20 per cent tariff in the first year.

But the allowed quota of 2.5GW per year of tariff-free panels is significantly smaller than the size of the US market. There were about 3.5GW of small-scale solar capacity alone installed in the US last year, along with about twice as much again in large-scale plants.

The move drew an angry reaction from solar industry groups who had opposed the tariffs on the grounds that the resulting higher costs would hurt domestic installers and companies that rely on imported cells and lead to job losses. Adding to their anger was the fact that Suniva, the bankrupt company leading the push for tariffs, was majority-owned by Chinese investors and had been joined by the US subsidiary of bankrupt German company SolarWorld.

The tariffs had been sought by US-based manufacturers who have complained that they have been hurt by a surge in imports in recent years.

The industry was particularly disappointed because some Republicans had embraced the argument against tariffs, raising hopes that Mr Trump might be swayed.

“While tariffs in this case will not create adequate cell or module manufacturing to meet US demand, or keep foreign-owned Suniva and SolarWorld afloat, they will create a crisis in a part of our economy that has been thriving, which will ultimately cost tens of thousands of hard-working, blue-collar Americans their jobs,” said Abigail Ross Hopper, chief executive of the Solar Energy Industries Association.

Those cases yielded the opportunity for Mr Trump to live up to his campaign promises to use tariffs to crack down on what he has portrayed as cheating by overseas trading partners such as China and South Korea.

Mr Trump is not the first US president to use so-called safeguards designed to protect domestic industry from “serious injury”, which can be allowed in certain cases under World Trade Organization rules but are likely to be challenged. Barack Obama applied broad tariffs on imports of Chinese tyres while George W Bush introduced safeguards on steel imports.

Daniel Ikenson, a trade analyst at the libertarian Cato Institute, said: “The particulars in both cases — the status of the petitioning companies and the adverse downstream consequences — suggest that the protection afforded was unwise and will come at a great cost.”