



Markets Slump After Trump Announces New China Tariffs

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Stock market indexes in Asia and the United States slumped on Friday in reaction to U.S. President Donald Trump's surprise announcement the previous day to impose 10 percent tariffs on the remaining \$300 billion worth of Chinese products.

Trump administration officials contend markets are overreacting, insisting American consumers will not feel the pain of the higher tariffs.

"Economic burdens have fallen most heavily on China," National Economic Council Director Larry Kudlow told reporters on Friday, in response to a question from VOA. "They've had to slash prices to try to compete. That has done damage to their profits, their companies and their economy."

Economists predict U.S. consumers will find themselves paying more for such items as cell phones, clothing and toys when shopping for the Christmas holiday. And industry representatives are expressing strong concern.

"We're cooked," says Rick Helfenbein, president and CEO of the American Apparel and Footwear Association. "Tariffs are taxes on American consumers."

Helfenbein and other association leaders say manufacturers acknowledge China cheats and they have been long calling for a rules-based, enforceable trade agreement with China.

FILE - Ryobi brand tools, some with labeling indicating they were made in China, are displayed in a retail store in Cranberry Township, Pa., on May 9, 2019.

The Trump administration's latest tariff action will certainly get China's attention, according to National Association of Manufacturers President and CEO Jay Timmons. "But it also has the attention of manufacturing workers in the U.S. and their families, who are feeling the negative impact of the current tariffs and will be made even less competitive with this new tax on trade."

China could create additional difficulties for American companies.

"They've put tariffs on all U.S. imports, I suppose they could raise those," says the Cato Institute's associate director for trade policy studies, Simon Lester. "There are a lot of U.S. businesses which operate there, and their lives could be made more difficult through a number of regulatory mechanisms."

Asked how China might retaliate, Kudlow replied “I just don’t want to speculate on what the other side might do.”

Chinese Foreign Minister Wang Yi, speaking in Bangkok on Friday, where he is attending a regional summit, said “imposing tariffs is definitely not the right way to resolve trade frictions.”

Trump announced on Thursday that trade talks between China and the United States would resume in Washington on September 1.

In making the announcement, he accused Beijing of not living up to its promises to purchase more American agricultural products and halt the flow of opioid fentanyl to the United States.

“In the meantime, until such time as there's a deal, we'll be taxing them,” Trump told reporters Thursday on the White House South Lawn. “If they don't want to trade with us anymore, that would be fine with me. We'd save a lot of money.”

Lester at the Cato Institute sees a flaw with the Trump administration’s trade approach.

“They're taking on the whole world at once,” he says. “They’re attacking the EU, they're attacking Japan, they're attacking Mexico, they're attacking Canada at various times. And that makes it difficult really to focus on China.”

It also prevents them, Lester says, from making a coordinated effort with allies to approach Beijing and pressure it to change its trade practices.

Trump's latest salvos come after the latest round of trade talks between U.S. and Chinese negotiators ended in Shanghai.

U.S. and Chinese representatives held talks at a working dinner on Tuesday and four hours of negotiations on Wednesday before the U.S. delegation headed straight to the airport.

Shortly after U.S. negotiators arrived Tuesday in Shanghai, Trump warned China against negotiating a deal after the 2020 U.S. presidential election — declaring that a delayed agreement would be less attractive than a deal reached in the near term.

The world's two largest economies have been engaged in an intense trade war that has dragged on for more than a year, having imposed punitive tariffs on each other totaling more than \$360 billion in two-way trade.

The Shanghai negotiations came after Trump and Chinese President Xi Jinping agreed at June's G-20 summit to resurrect efforts to end the costly trade war over China's technology ambitions and trade surplus.

The U.S. delegation in Shanghai was represented by Treasury Secretary Steve Mnuchin and Trade Representative Robert Lighthizer. They met with a Chinese delegation led by Vice Premier Liu He, who serves as the country's economic czar.

China is resisting U.S. demands to abolish government-led plans for industrial leaders to enhance robotics, artificial intelligence and other technologies.

The U.S. has complained China's plans depend on the acquisition of foreign technology through theft or coercion.