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Trump Threatens China with More Tariffs Ahead of Final Trade Talks



President Trump and China President Xi Jinping in Beijing - November 2017. Nicolas Asfour/Agence France-Presse - Getty Images

Stocks Fall as Trump Threatens New Tariffs on China.

President Trump's renewed threat to increase tariffs on Chinese imports upended investor expectations about progress towards a trade deal on Monday, making for a volatile day on Wall Street.

On May 6, 2019, U.S. Trade Representative Robert Lighthizer told reporters that the third round of the Section 301 tariffs will be increased to 25% from 10%, effective Friday, May 10, 2019 at 12:01 a.m. This increase will impact \$200 billion worth of Chinese goods.

He advised that the Office of the U.S. Trade Representative will publish a notice in the Federal Register on May 7, 2019. According to Lighthizer, China had reneged on specific promises made to the US during the trade negotiations. The Chinese delegation will still be travelling to the U.S. for the next round of talks, to continue to discuss any trade deal.

On May 5, 2019, President Donald Trump tweeted that he was considering increasing the tariffs on the third round of Section 301 tariffs levied against China, increasing them to 25% from 10% effective Friday, May 10, 2019. He also tweeted that all remaining Chinese origin goods will be taxed at 25%, however, that will still need to go through rulemaking and comment period like the previous rounds of Section 301 tariffs.

“For 10 months, China has been paying Tariffs to the USA of 25% on 50 Billion Dollars of High Tech, and 10% on 200 Billion Dollars of other goods. These payments are partially responsible for our great economic results. The 10% will go up to 25% on Friday. 325 Billion Dollars[...] of additional goods sent to us by China remain untaxed, but will be shortly, at a rate of 25%. The Tariffs paid to the USA have had little impact on product cost, mostly borne by China. The Trade Deal with China continues, but too slowly, as they attempt to renegotiate. No!”

@realDonaldTrump, (2019, May 5) Retrieved from <https://twitter.com/realDonaldTrump/status/1125069836088950784>

The third round of the Section 301 tariffs were originally supposed to increase March 1, 2019 but were delayed due to positive progress being made on the trade talks. On May 7th it was announced that U.S-China trade talks would resume despite Trump's threats, only time will tell the final resolution as we all anxiously await.

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