

China hitting back at US with \$50b tariffs

Beijing adds 25 percent import duties but says door still open for talks

By JING SHUIYU and ZHONG NAN

China announced on April 4 a list of US products valued at \$50 billion annually that will be subject to additional tariffs as a reciprocal trade measure to safeguard its legitimate interests.

The central government will slap a 25 percent tariff on 106 US goods across 14 categories, such as soybeans, automobiles, passenger airplanes and chemicals, the Ministry of Commerce announced on its website.

This is the second round of China's reciprocal tariffs.

When these tariffs take effect will depend on when the United States imposes extra tariffs on 1,300 made-in-China products, including industrial robots, machinery and pharmaceuticals, the ministry said in its announcement.

To support the World Trade Organization's authority, China also filed — in accordance with WTO dispute settlement procedures — a consultation request on April 4 on the US proposal for additional tariffs on Chinese goods under Section 301 of the US Trade Act of 1974, and it officially launched the WTO dispute settlement procedure.

"China does not want a trade war with the US," Wang Shouwen, vice-minister of commerce, said at a news conference on April 4. "But China is not afraid of one."

Wang said China will fight to the end if the US continues following its errant path, but the door for dialogue and negotiation remains open.

China's announcement came shortly after the US administration released a proposed list of Chinese export products worth \$50 billion that would be subject to a suggested additional 25 percent tariffs.

According to the Office of the United States Trade Representative, the proposed list will undergo further review in a public notice and comment period and a hearing. When that is completed, the office will issue a decision on products subject to the additional duties.

Asked whether China would dump US Treasury bonds in retaliation, Vice-Minister of Finance Zhu Guangyao said China's priority in managing its foreign exchange reserves is ensuring its financial security.

Maintaining liquidity and seeking moderate profitability are also guiding principles in foreign exchange reserves decisions, Zhu said.

China has followed the same foreign exchange investment principles for many years, with the domestic



Zhu Guangyao, Vice-Minister of Finance.



Wang Shouwen, Vice-Minister of Commerce.

goal of protecting the people's property while being a responsible investor in the global capital market, said Zhu.

Wei Jianguo, former vice-minister of commerce, said the countermeasures China is working on would not be limited to the agricultural and manufacturing sectors and could include tourism and other industries.

Zhang Xiangchen, Chinese ambassador to the WTO, said in Geneva: "We have seen in the history of the multilateral trading system that Section 301 has been wildly abused at times by the US to coerce other members in its own industrial interests. Such unilateral actions were strongly opposed by other countries."

In early 2000, the WTO adopted a clear ruling on Section 301 in DS152, a dispute lodged by the European Union. Since then, the provision has been shelved for nearly two decades.

While the "explicitly, officially, repeatedly and unconditionally confirmed" commitments undertaken by the US in that dispute are still unambiguously written in the WTO rulings, Zhang said, the US has now turned its back on them and blatantly taken unilateral measures against China.

Early on April 4, China denounced the US government's announcement of tariffs slapped on 1,300 Chinese products under a Section 301 investigation.

"We have the confidence and capability to respond to any US protectionist measures," Foreign Ministry spokesman Lu Kang said in a statement.

"The US action has recklessly disregarded the 40 years of China-US economic cooperation, which has been mutually beneficial and win-win in nature. It has recklessly disregarded the outcry from the business community and the interests of consumers.

"It serves neither China's nor the US's interests, and is even less in the interest of the global economy," Lu said.

The Chinese embassy in Washing-

ton said in a statement: "We hope that the US side, with sense and the long-term picture in mind, refrains from going further down the wrong path."

The Office of the US Trade Representative said the proposed list of products subject to added tariffs is based on extensive interagency economic analysis, and it targets products that benefit from China's industrial plans while minimizing the impact on the US economy.

Targeted sectors include industries such as aerospace, information and communications technology, robotics and machinery. The list covers mostly industrial products and non-consumer goods, such as aircraft seats, military rifles, machine parts, instruments, medical products, video monitors, and furnaces and ovens.

US Trade Representative Robert Lighthizer and White House trade adviser Peter Navarro both said recently that the Section 301 tariffs would primarily target Chinese industries under the Made in China 2025 strategy.

Lighthizer has described that strategy as a threat to the global trading system, while Navarro said China was "going to dominate every single emerging industry of the future" and would therefore threaten the future of other economies.

The Made in China 2025 plan, unveiled in 2015, highlights 10 sectors in advancing China's modern manufacturing power — information technology, high-end machinery and robotics, aerospace, marine equipment and ships, advanced rail transport, new energy vehicles, electric power, agricultural machinery, new materials and biomedicine.

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Trump mulls fresh \$100b in new import duties

World leaders criticize US protectionist moves while China vows to fight 'at any cost'

By XINHUA and AGENCIES

US President Donald Trump said on April 5 that he was considering another \$100 billion in tariffs on Chinese goods.

The White House said Trump has instructed the Office of the United States Trade Representative to consider whether \$100 billion of additional tariffs would be appropriate under Section 301 of the US Trade Act of 1974 and, if so, to identify which products they should apply to.

"In light of China's unfair retaliation, I have instructed the (United States Trade Representative) to consider whether \$100 billion of additional tariffs would be appropriate," Trump said in a statement.

He has also instructed his secretary of agriculture "to implement a plan to protect our farmers and agricultural interests".

On April 3, the US announced new tariffs on \$50 billion worth of Chinese goods. China responded within hours by announcing \$50 billion worth of tariffs on US goods including soybeans and small aircraft.

The moves follow US tariffs that were imposed earlier this year on Chinese steel and aluminum, which also prompted a response from China.

In response to Trump's latest threat, a spokesman at China's Ministry of Commerce said on April 6 it will fight "at any cost" and take "comprehensive countermeasures" if the US continues its unilateral, protectionist practices regardless of opposition from China and the international community.

"The conflict was initiated by the United States as provocation," said the spokesperson.

"On Sino-US trade, China has made its position very clear. We do not want a trade war, but we are not afraid of such a war. Concerning the US statement, we will not only listen to the words but also watch the deeds," he added.

Chinese Foreign Ministry spokesman Lu Kang also made a similar pledge when asked to comment on Trump's announcement, according to a document at the ministry's website.

The protectionist moves by the US have been criticized by world leaders with United Nations Secretary-General Antonio Guterres saying on April 5 that "the answer to today's problems is not protectionism and not isolationism".

"I am a strong believer in multilateralism to address global problems. There is no way global problems can be addressed on a country-

by-country basis. Global problems need to have global answers and global answers can only be implemented through multilateral frameworks," the UN chief said.

Speaking to Chinese reporters before his trip to China for the annual Boao Forum for Asia, Guterres said: "The international framework that governs global trade is of extreme importance with the World Trade Organization (WTO) at its center."

"I am a true believer in free trade," he said.

However, there are also drawbacks in globalization. For instance, inequalities have increased and many people are left behind.

The UN chief called for efforts to improve things, not to reject globalization but to improve it.

"To improve things, not to reject globalization, is the objective of Agenda 2030 and the objective of the WTO," Guterres said, adding that the answer to today's problems is international cooperation, and that the UN Agenda 2030 for Sustainable Development can be a very important instrument for that.

Reiterating China's stance on free trade, Chinese State Councilor and Foreign Minister Wang Yi said in Moscow on April 5 that the US' protectionist trade policies will affect the development of the world trade and economy, and the international community should boycott such moves of unilateralism to maintain global economic growth.

The recent US move has violated the rules of the WTO, poses a threat to the foundation of the global trade system and will certainly impact the normal development of world trade and the economy, Wang said at a press conference after talks with Russian Foreign Minister Sergei Lavrov during his visit in Russia as the special envoy of President Xi Jinping.

As a sovereign nation with legitimate right of self-defense and a firm supporter of global trade mechanism, China is forced to take necessary countermeasures against the US tariff proposals, Wang said.

The top Chinese diplomat said the US made a wrong judgment for assuming that it could benefit from protectionism and therefore made a wrong decision in slapping trade sanctions against China.

In the context of the fragile growth of global trade, in applying its "America First" policy, the US frequently wages trade wars around the world, which is a typical action of unilateralism and a defiant expression of economic hegemony, Wang said.