

# Tariff cuts to open doors wider

China's reduction of duties on daily consumer goods will benefit the economy and global trade

By HU YONGQI

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China's recent moves to cut tariffs on more than 1,400 types of daily consumer goods aims to further open its doors and uphold the global multilateral trading system, senior officials said.

Facing challenges imposed by rising trade protectionism, China has adhered to multilateralism and opening-up, said Zhu Guangyao, then vice-minister of finance, at a policy briefing hosted by the State Council Information Office on June 1.

The government has taken the initiative to reduce tariffs on daily consumer goods as one of the opening-up measures, demonstrating its firm support for the global multilateral trading system of the World Trade Organization, Zhu said.

Over the past four decades, China has substantially improved its comprehensive national power but lags in national income per capita, Zhu said. As a developing country, China's reduction of tariffs at appropriate rates will increase the benefits for

its own people and also contribute to the global trading system and world economic growth, he said.

The reductions were approved at a State Council executive meeting, presided over by Premier Li Keqiang on May 30, effective on July 1. The move will boost opening-up, benefit domestic consumers and enhance industrial transformation, a statement released after the meeting said.

Average tariff rates for clothes, shoes, hats, kitchen items and sports products will be reduced to 7.1 percent from the current 15.9 percent.

Average rates for household appliances, including washing machines and refrigerators, will be cut to 8 percent from the existing 20.5 percent. Tariffs on aquatic products and mineral water will be 6.9 percent on average from the present 15.2 percent, while cleaning products, cosmetics and some healthcare products will be levied at 2.9 percent from the present 8.4 percent.

Since 2015, four rounds of tariff cuts have been conducted for daily consumer goods, such as sunglasses

## 65.7

**billion dollars**

The value of daily consumer goods imported by China in 2017

## 3.3

**billion dollars**

Total estimated value of tariff cuts this year

## 8

**percent**

Average rate of tariffs on imported household appliances from July 1

and diapers, to lessen the number of consumers shopping overseas.

The average tariff on daily consumer goods is 14.5 percent, 4.7 percentage points higher than the country's average tariff rate, said the Ministry of Finance. In 2017, China imported daily consumer goods worth \$65.7 billion.

This time, average rates will be reduced to 6.9 percent from the current 15.7 percent for 1,449 items of goods, covering seven times the number of goods in the four previous rounds of tariff cuts, said Feng Jinping, director of the tariff department of the Ministry of Finance.

These goods account for more than 70 percent of annual imported consumer goods, worth \$38 billion, Feng said. The total amount of tariff cuts is estimated to reach \$3.3 billion this year.

Further tariff cuts will boost opening-up and meet public demand, which will also force domestic producers to improve the quality and promote industrial upgrading, the statement said.

Feng Qiaobin, a professor of economics with the Chinese Academy

of Governance, said the tariff cuts will fulfill China's commitment to further opening up to the outside world.

In fact, the items are closely related to people's lives, such as household appliances, so the cuts can also reduce prices of these products and meet the public's aspirations for a better life, she said.

In the long run, the move will be beneficial for the economy and people, she said.

In his Government Work Report in March, the premier pledged to further reduce tariffs on some daily consumer goods later this year, expected to promote industrial upgrading and give consumers more choice with more balanced trade.

As the world's largest developing country, China still has a long way to go for modernization but will open its doors even wider, which will stimulate domestic reforms, the premier said at the May 30 meeting.

Li also urged related departments to carry out detailed measures for the tariff cuts and prevent any surcharges by middlemen to give consumers a real sense of gain.

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