

GOVERNMENT

## US, China to discuss trade for the first time in months

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*President Trump has publicly cast doubt that the meeting will make any progress. Image credit: Gage Skidmore via Flickr*

By DANNY PARISI

Officials from the United States and China are set to meet to discuss the contentious trade negotiations between the two countries for the first time in months, continuing to negotiate tariffs that could have a major impact on two of the largest luxury-consuming nations in the world.

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The discussion comes amid tense talks that have gone on between the two countries, exacerbated by comments from President Donald Trump predicting that there would be little progress from the meeting. Representatives of groups such as the National Retail Federation have condemned the harsh tariffs placed on China and the ensuing trade war, stating that it is bad for business and for consumers.

"NRF strongly opposes any efforts to include or add consumer products to the list of products subject to additional tariffs, be they 10 percent or 25 percent," said David French, senior vice president of government relations at NRF, in a letter submitted to United States Trade Representative Robert Lighthizer. "The list of products for the proposed 10 to 25 percent tariffs includes many consumer goods.

"They include a range of food products, [personal care products (makeup to shampoos), motor vehicles, motorcycles and bicycles, travel goods, handbags and other bags, leather apparel] and many others," he wrote.

"These are products purchased by nearly every American household."

### Tariff talks

The last few months have seen relationships between the U.S. and China deteriorate.

As two of the largest markets in the world, relations between the two countries are an important element of the global economy.

President Trump has made China a major target of his rhetoric relating to the perceived disadvantages the U.S. faces in the market today. To counter these supposed "dirty tactics" from China, the president has been planning harsh sanctions against the country, which have prompted retaliatory measures from China.



*Chinese consumption of imported cosmetics grew by 40 percent last year. Image credit: Kantar*

Now, the two countries are meeting to speak of these issues for the first time in two months.

In that time, a number of groups have decried the president's trade saber-rattling. Trump has threatened to impose sanctions on the hundreds of billions of dollars worth of goods that are imported into the U.S. each year.

Groups such as the NRF are hoping that the president can be convinced that this trade war will serve no one and only cause heartache for businesses and consumers.

#### U.S.-China relations

President Trump's threats against China come at a time when that country has been lowering the barrier for entry for imports.

The Chinese government is significantly cutting tariffs on imported beauty products including skin and hair cosmetics in a move expected to boost the growth of brands such as Estée Lauder and Lancôme.

Tariffs on imported beauty products dropped from 8.4 percent to 2.9 percent starting July 1. According to data from Kantar, as Chinese consumers continuously desire products from outside of the country, particularly luxury products in the cosmetics category, the lowering of tariffs will be a significant boon for brands targeting the lucrative market ([see story](#)).

Luxury brands from across many sectors have begun investing heavily in China, making tensions between the two countries undesirable for those efforts.



*The Tiffany Paper Flowers collection is premiering on Luxury Pavilion. Image credit: Alibaba*

For instance, jeweler Tiffany & Co. is debuting chief artistic officer Reed Krakoff's first jewelry line exclusively on Tmall's Luxury Pavilion.

Ahead of the Tiffany Paper Flowers collection's premiere in bricks-and-mortar stores, consumers on the invite-only Luxury Pavilion platform will be able to shop platinum and diamond jewels online. This is one piece of Tiffany's millennial-friendly push for Paper Flowers, as it seeks the next generation of luxury consumers ([see story](#)).

"We do not recommend that any products be added to the proposed list, or that the proposed tariff rate be increased in any way, or that the level of trade affected be expanded," Mr. French said.

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