

GOVERNMENT

US-China trade war escalates

May 13, 2019



Chinese consumers are still showing a heavy appetite for luxury goods. Image credit: Fendi

By STAFF REPORTS

China is retaliating after the United States raised tariffs on \$200 billion worth of Chinese goods.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246** ▶

Last week, President Donald Trump decided to raise tariffs on Chinese imports from 10 percent to 25 percent, effective May 10. In response, China is also upping duties on thousands of products to 25 percent, causing U.S. stocks to take a hit on May 13.

Trade dispute

In December, the ongoing trade war was put on hiatus as the two countries entered an agreement not to put additional tariffs on goods after Jan. 1.

Mr. Trump had threatened to raise the existing 10 percent tariffs on Chinese goods to 25 percent in the new year, but he agreed to leave the taxes where they stand. Over the next 90 days, the nations underwent further discussions in an effort to solve the trade dispute before it escalated further ([see story](#)).

China and the United States have still not been able to come to a consensus on trade. According to President Trump, a trade deal was solidified, but China backed out of signing, leading him to raise tariffs. He also plans to raise tariffs on most Chinese goods to 25 percent.

In response, China raised the rate on imports for \$60 billion of U.S. goods to 25 percent.

Through the negotiation, the president is looking to address the trade deficit between the U.S. and China and intellectual property theft.

The president has said that he will meet with Chinese President Xi Jinping at the G20 summit in June.

According to research from the National Retail Federation, retailers are likely to quickly import goods ahead of tariff hikes. During the hiatus, import activity slowed slightly, but it is expected to pick up again as the trade war ramps up.

President Trump has maintained that it is China that is most impacted by the trade dispute.

..There will be nobody left in China to do business with. Very bad for China, very good for USA!

But China has taken so advantage of the U.S. for so many years, that they are way ahead (Our Presidents did not do the job). Therefore, China should not retaliate-will only get worse!

— Donald J. Trump (@realDonaldTrump) [May 13, 2019](#)

In a statement, NRF also noted that about 934,000 U.S. jobs will be lost due to this latest import hike.

“Tariffs are taxes paid by American businesses and consumers, not by China,” said David French, senior vice president for government relations at NRF, in a statement. “A sudden tariff increase with less than a week’s notice would severely disrupt U.S. businesses, especially small companies that have limited resources to mitigate the impact.

“If the administration follows through on this threat, American consumers will face higher prices and U.S. jobs will be lost,” he said.

“We want to see meaningful changes in China’s trade practices, but it makes no sense to punish Americans as a negotiating tactic. If the administration wants to put more pressure on China, it should form a multinational coalition with our allies who share our concerns.

“We urge the administration to reconsider this tax hike on Americans and stay at the bargaining table until a deal is reached.”

© 2019 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.