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CHINA

Trump to Announce New Tariffs on \$200 Billion in Chinese Imports

The plan puts at risk high-level trade talks between the U.S. and China set for this month



President Trump plans to announce new tariffs on China in the coming days. PHOTO: SUSAN WALSH/ASSOCIATED PRESS

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The Trump administration plans to announce within days new tariffs on as much as \$200 billion in Chinese goods, further pressuring Beijing before high-level, U.S.-China talks set for later this month, say people familiar with the matter.

President Trump's decision—to go into effect within weeks—is designed to give the U.S. more leverage in discussions with China over allegations that Beijing coerces American firms into handing over valuable technology to Chinese partners. But the decision's timing risks deepening the already bitter trade fight by starting another tit-for-tat round of tariffs.

The administration plans to start with tariffs of around 10% on as much as \$200 billion of goods, below the 25% level announced in early August. The level was lowered following extensive public hearings and the submission of written comments where importers and others complained of the possible impact of the duties—and to try to reduce the bite on American consumers ahead of the year-end holiday shopping season, these people said.

The tariffs would take effect weeks before November elections, where Mr. Trump's Republican party is struggling to retain control of Congress. Business groups opposed to the tariffs are spending heavily to make the tariffs an issue in the campaign. The new tariffs are all but certain to be met immediately by Chinese retaliation against U.S. exporters, especially against farmers, further raising the political heat on the GOP ahead of the vote.

But the people familiar said that the tariff level could be raised back to 25% if Mr. Trump concludes that Beijing doesn't soon show signs that it is acceding to U.S. demands to change its economic policies.

These people also stressed that details were still being completed over the weekend, and that the level could change, or that Mr. Trump could change his mind. As of Saturday, an announcement was planned for Monday or Tuesday.

White House spokeswoman Lindsay Walters declined to comment on the status of the tariff discussions inside the administration, referring to a statement she put out Friday that said: "The president has been clear that he and his administration will continue to take action to

address China's unfair trade practices. We encourage China to address the longstanding concerns raised by the United States."

Mr. Trump made his decision late last week to move forward quickly with the tariff announcement, a few days after he had authorized aides to try and set a new round of talks with China. The two moves reflect divisions in his administration over handling escalating trans-Pacific trade tensions, with some urging an ongoing tough line and others hoping to keep open a dialogue that could foster compromises before the spat turns into a full-fledged trade war.

The tariffs are bound to complicate—if not derail—talks with top Chinese officials, which are currently scheduled in Washington for Sept. 27 and Sept. 28, say people familiar with the plans.

Beijing is expected to send Chinese Vice Premier Liu He to Washington to meet with Treasury Secretary Steven Mnuchin, who last week had sent an invitation to the Chinese for another round of senior level talks, said the people familiar with the discussions. If those talks go well, Mr. Liu may also meet with Mr. Trump.

But some of the people said Mr. Liu expected that the threat of tariffs would be delayed until at least the conclusion of the talks. The decision to move ahead with tariffs puts those talks at risk, they said.

After The Wall Street Journal reported the Mnuchin initiative last week, Mr. Trump tweeted that the U.S. "was "under no pressure to make a deal with China." Administration officials said Mr. Trump had authorized the invitation because he felt the Chinese had asked for it, and he wanted to make clear that it was only being sent at their request.

The invitation, they said, didn't represent any weakness in the U.S. position, and Mr. Trump has regularly touted China's slumping stock market—in contrast with the sharp gains on Wall Street during his term—as evidence that his trade strategy is working in squeezing the Chinese to consider making concessions.

U.S. business officials have also been urging Beijing and Washington officials to set up another round of talks, in the hopes of staving off tariffs. While U.S. businesses generally support the administration's efforts to confront China on intellectual property issues, they have argued that tariffs are wrongheaded, raise their costs and hurt their competitiveness. They say the tariffs are offsetting the economic gains from Mr. Trump's tax cuts and deregulation policies that business groups have supported.

The looming \$200 billion tariffs comes on top of \$50 billion on duties imposed on Chinese imports over the summer. China immediately retaliated with tariffs on U.S. goods and has said it would do the same in response to the coming round. Mr. Trump recently told reporters that he's ready to add tariffs on another \$257 billion in Chinese goods—subjecting virtually all U.S.-bound Chinese exports to duties.

In contrast with earlier tariffs imposed by Mr. Trump on China, the next round would hit a broad range of consumer goods, ranging from luggage to bicycles to seafood. Trump aides have been wrestling with ways to balance penalizing China without provoking consumer outrage.

The first set affected mainly industrial products used by manufacturers who could absorb at least some of the costs without passing them on to average American shoppers.

The latest development demonstrates the divisions within the administration on trade issues. U.S. Trade Representative Robert Lighthizer and trade adviser Peter Navarro had been urging the administration to move ahead on tariffs regardless of Chinese actions in a bid to deepen pressure on Beijing to change its policies.

Mr. Mnuchin and National Economic Council Director Lawrence Kudlow, who are more sensitive to market fluctuations and talk regularly to U.S. business leaders, had been trying to continue talks and work out a deal.

Mr. Trump appears to have split the difference between the two camps—giving the green light to the talks, but making clear that he doesn't feel constrained in imposing new penalties and won't mind if China cancels the meetings.

That two-pronged strategy may undercut Mr. Mnuchin's efforts. Chinese officials regularly complain that they don't know whether U.S. officials are empowered to cut a deal, and worry about any offer being opposed by Messrs. Lighthizer and Navarro and turned down by Mr. Trump.

Mr. Liu, the Chinese vice premier, came up empty-handed earlier this year after negotiating with Mr. Mnuchin and other cabinet officials in Washington. Mr. Trump rejected as insufficient a Chinese offer made to Commerce Secretary Wilbur Ross to buy \$70 billion in additional U.S. goods as a way to try to close the trade deficit. Mr. Lighthizer also didn't consider Beijing's purchasing pledges were solid.

U.S. officials sought to paint the tariff decision as separate from the coming trade negotiations. Progress in the talks would be bound to help the overall relationship, they said.

"There continues to be constructive high-level dialogue," said a U.S. official. "The involvement of Liu He and President Trump are positive for the relationship."

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