

The U.S.-China Trade War

October 9, 2019

Under the Trump administration, the United States has imposed, or plans to impose, punitive tariffs on nearly all imports from China, as part of an effort to induce changes in that nation's practices on intellectual property and forced technology transfer, as well as to bring about a reduction in the bilateral U.S. trade deficit with China. In turn, China has retaliated against U.S. exports, particularly agricultural products; soybean exports have been notably harmed by the decline in Chinese purchases. Negotiations to resolve the dispute have resumed after a hiatus and are scheduled to take place at a senior level the week before the October 16, 2019, SUA board meeting, but expectations appear to be modest. *Developments after the date of this paper will be covered during the board meeting.*

The broad outlines of U.S. tariffs and Chinese counter-tariffs are covered in an attached infographic.

As a result of successive tariff increases under Section 301 of the Trade Act of 1974, nearly all products imported from China are now subject to punitive tariffs. Most tariff lines that would be of interest to SUA members are in the more recent (Lists 3 and 4) actions. *Note that tariffs on \$250 billion (Lists 1-3) are scheduled to rise to 30 percent Oct. 15, 2019, the day before the SUA board meeting. The status of these tariffs will be reported during the board meeting.*

Section 301 U.S. Tariffs on Imports from China

List	Effective Date	Import Value (\$ billion)	Current Additional Tariffs
1	July 6, 2018	\$34	25%*
2	August 23, 2018	\$16	25%*
3	Sept. 24, 2018 (10%); May 10, 2019 (25%)	\$200	25%*
4A	Sept. 1, 2019	\$112	15%
4B	Dec. 15, 2019	\$160	15%

* Tariffs shown are scheduled to increase to 30% on Oct. 15, 2019.

SOURCE: Office of the U.S. Trade Representative. [China Section 301 – Tariff Actions and Exclusion Process.](#)

For products of interest to SUA members, the second table (*following page*) provides the status of Chinese tariffs on U.S. goods, along with the value of U.S. exports in 2017, before the trade war took off.

Selected U.S. Products Subject to Additional Chinese Tariffs

Product	Chinese Tariff Line	Additional Tariff (Above MFN Rate)	U.S. Exports, 2017 (\$ Million)*
Chewing Gum	17041000	30%	2.6 (2018)
Sugar Confectionery (Non-Chocolate)	17049000	30%	7.0
Cocoa Beans, Paste, Butter, Certain Other Products**	18010000, 18020000, 18031000, -2000, 18040000, 18050000	10-25%	2.1
Cocoa Powder, Sugar Added	18061000	15% ***	1.4
Cocoa Preparations (Chocolate Confectionery) >2 kg (bulk)	18062000	35% ***	1.9
Filled Cocoa Preparations	18063100	30%	0.4
Unfilled Cocoa Preparations	18063200	35% ***	1.2
Other Chocolate Confectionery	18069000	30%	19.4
Sweet Biscuits	19053100	35% ***	1.2
Waffles & Wafers	19053200	35%***	0.2 (2018)
Jams & Marmalades**	20071000, -9100, - 9110, -9910, -9990	25-35%***	1.1
Ice Cream, Other Edible Ice	2105000	35%***	2.5

* Dollar amounts are those listed as exports under U.S. tariff codes, which may not always match Chinese codes. Where 2018 data are listed, this is because 2018 trade rose substantially compared to prior years and may be more indicative of potential losses than 2017 data, which are generally used because they pre-date the active phase of the trade disputes.

** Information on tariffs applicable to specific lines within these categories available upon request.

*** As of Dec. 15, 2019; lower punitive tariffs already in effect prior to that date.

SOURCE: *Tariff lines and tariff levels:* Foreign Agricultural Service. [China Announces Increases to Additional Tariffs](#). August 28, 2019. *Dollar value of trade:* [Foreign Agricultural Service. Global Agricultural Trade Service](#). Various queries.