

Trade Wars

November, 2019

U.S. CHINA – TRADE WAR

US Tariffs on Chinese Imports	Chinese Tariffs on US Imports
3/23/18 - 25% tariffs on steel and 10% tariffs on aluminum of Chinese imports worth \$2.8 B.	4/2/18 – tariffs on \$2.4 B in U.S. 2017 imports China.
7/6/18 – 25% tariff on \$34 B in Chinese imports based on Section 301 IPR investigation.	7/6/18 – tariffs on \$34 B of U.S. imports.
8/23/18 – 25% tariff on \$16 B of Chinese imports.	8/23/18 – tariffs on \$16 B of U.S. imports.
9/24/18 - 10% tariff on \$200 B of Chinese imports.	9/24/18 - 5% to 10% tariffs on \$60 B of U.S. imports.
5/10/19 - Increase in tariff from 10% to 25% on the \$200 B of Chinese imports after negotiations fail.	6/1/19 - Increase in tariff on \$36 B of the \$60 B facing additional tariffs as of September 2018. Tariffs now range from 5% to 25%.

U.S. CHINA TRADE WAR Cntd.

U.S. Tariff on Chinese Imports	Chinese Tariffs on US Imports
<p>8/1/19 – Announced 10% tariffs on \$300 B of Chinese imports, but subsequently changed to a 10% tariff on \$112 B of Chinese imports on September 1, 2019 and on \$160 B of imports on December 15, 2019.</p>	<p>8/23/19 – tariffs on \$75 B in US imports effective September 1 and December 15, 2019</p>
<p>8/23/19 – Raises tariffs on the \$112 B of Chinese imports from 10% to 15% on September 1, 2019 and on the \$160 B of Chinese imports on December 15, 2019. Increases the tariffs on \$250 B of other Chinese imports from 25% to 30%.</p>	
<p>9/11/19 – In response to the Chinese announcement on the same day, Administration announces the delay in the increase of the tariff from 25% to 30% on \$250 B of Chinese imports from October 1 to October 15, 2019. Tariff increase suspended on October 11, 2019.</p>	<p>9/11/19 - China excludes 16 products worth roughly \$2 B from the tariffs imposed in 2018.</p>

U.S. CHINA TRADE WAR Cntd

By December 15, 2019

- ▶ U.S. will have placed additional tariffs on almost all imports from China.
- ▶ China will have retaliated against 69% of U.S. imports.
- ▶ Meanwhile, China has reduce tariffs on imports from other countries.

Avg. Chinese Tariff	March 2018	December 2019
U.S.	8%	25.9%
Other Countries	8%	6.7%

IMPACT OF TRADE WARS ON WASHINGTON STATE

(All Countries Including Steel and Aluminum)

Impact of U.S. Tariffs

- ▶ Some Washington companies enjoy the benefit of increased U.S. tariffs but most have voiced concern because of increased cost of inputs and/or prices for consumers.
- ▶ U.S. tariff increases will cost Washington households roughly \$2.4 billion per year.

Impact on Investment

- ▶ Chinese investment in the United State has declined by 88% since peak of 2016 to \$5.4 billion in 2018 from a peak of \$46.5 billion in 2016.

Impact of Trade Wars and Washington Exports

Foreign Retaliatory Tariffs and Washington Exports

- ▶ \$621 million decline or 18.76% in Washington exports facing retaliatory tariffs, as of end August 2019.
- ▶ \$413 million or 17.1% decline in Washington exports targeted by China, accounting for 67% of the total decline in targeted exports.
- ▶ Total targeted agricultural product exports declined by \$259.7 million or 23.97%.

Impact of Trade Wars on Washington State

▶ Significant Impacts on Washington Agricultural Product Exports

Sector	Decline in Exports (USD)	Declined in Exports %
Seafood (Not Processed)	-67,734,807	-32.36%
Fruit	-49,771,067	-16.21%
Cereals (Wheat)	-40,365,268	-94.17%
Hay	-25,385,285	-22.72%
Preparations of Fruit and Vegetables (E.g.; French Fries)	-20,459,601	-14.88%
Dairy Products	-11,334,433	-75.12%

Impact of Trade Wars, Cntd.

▶ Significant Impacts on Washington Non-Agricultural Commodities

Sector	Decline in Exports (USD)	% Change in Exports
Iron and Steel (Primary Products)	-146,782,775	-83.91%
Mineral Fuels and Mineral Oils	-53,035,561	-70.78%
Wood Pulp & Waste and Scrap Paper	-27,850,957	-15.04%
Paper and Paperboard	-25,531,228	-20.33%
Aluminum and Articles Thereof	-27,406,552	-9.54%

Impact of Trade Wars, Cntd.

▶ Significant Impacts on Washington Manufactured Products

Sector	Decline in Exports (USD)	Decline in Exports %
Optical, Photographic, Precision and Medical Instruments	-66,806,043	-12.91%
Electrical Machinery and Equipment	-34,789,511	-23.27%
Ships and Boats	-28,221,989	-51.71%
Miscellaneous Chemical Products	-27,343,458	-52.60%