

US - China Trade Update

Last night the Chinese government announced they would proceed with retaliatory tariffs on U.S. products in response to the Trump Administration's imposition of 10% tariffs on \$200 billion worth of Chinese imports, including a variety of hardwood and hardwood products. Retaliatory tariffs will be imposed on \$60 billion worth of U.S. exports at either a 5 percent or a 10 percent rate, starting the same day – Monday, September 24, 2018 starting at 12:01 a.m. The Hardwood Federation received a list ([click here](#)) translated from Chinese of the logs and lumber we intend will be those affected that has since been confirmed by US hardwood people on the ground in China.

China's latest list of retaliatory tariffs does not appear to be changed from the proposed list released in early August. You may view the list of agricultural products included in both lists [here](#). Forest product numbers begin with 44 and start on page 11. Initial review indicates that tariffs will be applied as follows:

- A 10 percent rate would apply to products originally slated for tariffs of 20% and 25%
- A 5 percent rate would apply to products originally slated for tariffs 10% tariff and 5%

The Chinese government's announcement did not clearly indicate if the Chinese tariffs will increase on January 1, 2019 to match U.S. planned rate increase from 10% to 25%. However, separate statements indicate that "if the United States insists on further increasing its tariff rate, the Chinese side will respond accordingly, with related matters released separately," perhaps hinting that China will increase rates on these products back to the levels proposed in the August 3 draft if the U.S. moves forward with increases.

No announcement has yet been made about the fate of U.S.-China trade negotiations originally proposed by the United States last week, though this week's exchange of tariffs [may make them less likely](#).