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Donald Trump's China tariffs will tax Americans

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An additional \$200 billion of Chinese goods are set to get hit with import taxes. Shoppers, get ready to pay more: Our view



(Photo: Osmani
Simanca/Brazil/PoliticalCartoons.com)

President Donald Trump says his latest trade gambit — 10 percent tariffs set to go into effect Monday on \$200 billion of annual imports from China — will force Beijing to negotiate better terms. That might or might not prove true.

One thing is certain: These tariffs, which come on top of a previous round affecting \$50 billion in imports, will hit American consumers in the pocketbook.

A tariff is essentially a sales tax on merchandise from a certain country. It is imposed at the port of entry and paid by the importer — a retail chain or a wholesaler, perhaps — and is then passed along to the consumer.

As such, it is among the more regressive taxes. A multimillionaire buying a toy as a Christmas gift pays the same amount extra as someone of more modest means making the same purchase.

OPPOSING VIEW: [U.S.-China trade is going to shrink. It should. \(/story/opinion/2018/09/23/u-s-china-trade-should-shrink-editorials-debates/1405332002/\)](https://www.usatoday.com/story/opinion/2018/09/23/u-s-china-trade-should-shrink-editorials-debates/1405332002/)

The exact cost to consumers of each tariff is hard to pin down because retailers might eat some losses in the short term to maintain market share. But ballpark figures look ominous.

A recent [Consumer Technology Association study](https://www.cta.tech/News/Press-Releases/2018/August/CTA-Study-China-Tariffs-Will-Cost-the-U-S-Econom.aspx) (<https://www.cta.tech/News/Press-Releases/2018/August/CTA-Study-China-Tariffs-Will-Cost-the-U-S-Econom.aspx>) estimated that tariffs on printed circuit assemblies and connected devices would add 3.2 percent to 6.2 percent to the price of consumer electronics. That's like going to Best Buy and paying one sales tax to the state and then a second one to Washington.

Other products, including appliances, furniture and clothes, would face similar levies.

Things could get even worse because tariffs have a way of leading to other tariffs, as well as Chinese retaliation against U.S. exporters. The administration has already had to bail out soybean farmers caught in Trump's trade war.

And the president is said to be considering a tariff on imported cars because his levies on imported steel and aluminum have made domestic automakers less competitive. If that happens, consumers will pay a whopping [\\$5,000 per vehicle](https://www.usatoday.com/story/money/2018/07/03/car-prices-trump-auto-tariffs/745342002/) ([/story/money/2018/07/03/car-prices-trump-auto-tariffs/745342002/](https://www.usatoday.com/story/money/2018/07/03/car-prices-trump-auto-tariffs/745342002/)).

To be sure, there are good reasons to get tougher with China. It exports more than \$500 billion annually to the United States while importing about \$130 billion (<https://www.census.gov/foreign-trade/balance/c5700.html#2016>).

American companies operating in China, moreover, face daunting obstacles and an uneven playing field. In many cases, they are required to share trade secrets in return for being allowed to do business. And many also find themselves competing with companies that are owned wholly or in part by the Chinese government and get special treatment from regulators.

Even so, the China tariffs, which affect half of all goods coming in from the country, are overly broad. What's more, Trump has not identified any tangible objectives from his trade policy other than to placate protectionist forces at home.

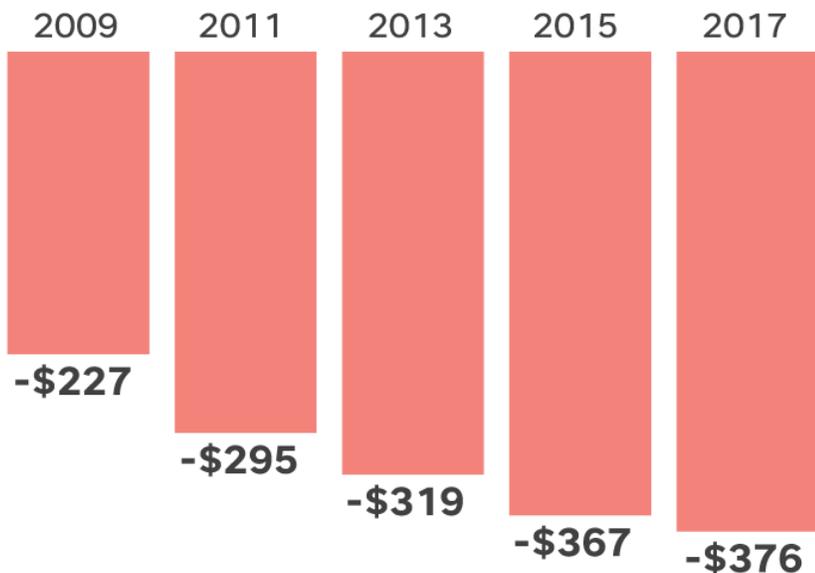
It would be far better to impose more targeted sanctions while telling the Chinese exactly what he expects them to do to get relief. This — combined with getting back on board with the Trans-Pacific Partnership, a scuttled trade agreement that would have left China on the outside looking in — would put real pressure on Beijing to change its ways without turning American consumers into collateral damage.

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U.S. trade deficit with China (in billions):



SOURCE Census Bureau
Alejandro Gonzalez/USA TODAY

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