



The Daily Dish

# Coming Soon to Your State, Chinese Retaliation

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## *Eakinomics: Coming Soon to Your State, Chinese Retaliation*

Let's review what has happened in the ongoing trade skirmish between the Trump Administration and China. The Trump Administration targeted China with two rounds of tariffs. On March 23, President Trump [imposed a 25 percent tariff](#) on steel imports and 10 percent tariff on aluminum imports in the name of national security (but the Department of Defense did [not concur](#)). Because China supplies [half of the world's steel](#) and nearly [half of the world's aluminum](#), the tariffs targeted steel and aluminum sold by Chinese producers. Today, tariffs on steel and aluminum affect \$17.5 billion of U.S. imports, with \$2.9 billion of that total coming from China. In retaliation, China imposed tariffs on approximately [\\$3 billion of U.S. exports](#).

On April 3, the Trump Administration released a second [list](#) of over 1,300 Chinese imports (valued at \$46.2 billion) that would be subjected to a 25 percent tariff in response to unfair trade practices identified by a [separate \("Section 301"\) investigation](#). The tariffs are intended to protect industries that are vulnerable to intellectual property (IP) theft. In retaliation, China released its own list of U.S. products – also accounting for about \$50 billion – that will also face a 25 percent Chinese tariff in response to the U.S. (The Trump Administration has further threatened tariffs on an additional \$100 billion in imports, but the status of that round of levies is unclear.) All told, China is on track to impose tariffs on \$53 billion in U.S. exports.

AAF's Jacqueline Varas [answers](#) the \$53 billion dollar question: Who gets hit by these Chinese tariffs? There are really two ways to be exposed to the tariffs. A product will be significantly impacted if a large dollar value is exported to China or if China is the primary market. Using those metrics, the most affected exports include soybeans, aluminum scrap and waste, grains, and other agricultural products. A different way to look at the impact is by state. Looking at the volume of exports, Louisiana, Washington, and Texas will have the most exports facing new tariffs. By proportion of exports, however, Hawaii, North Dakota, and Washington send the largest fraction of their exports to China, leaving them especially exposed to retaliation.

U.S.-China trade negotiations continue, and one hopes that no additional tariffs materialize. But if the tariffs are imposed, closing trade will have the same lesson as opening trade: There are winners and losers, and the losers are concentrated in a few places and products.