



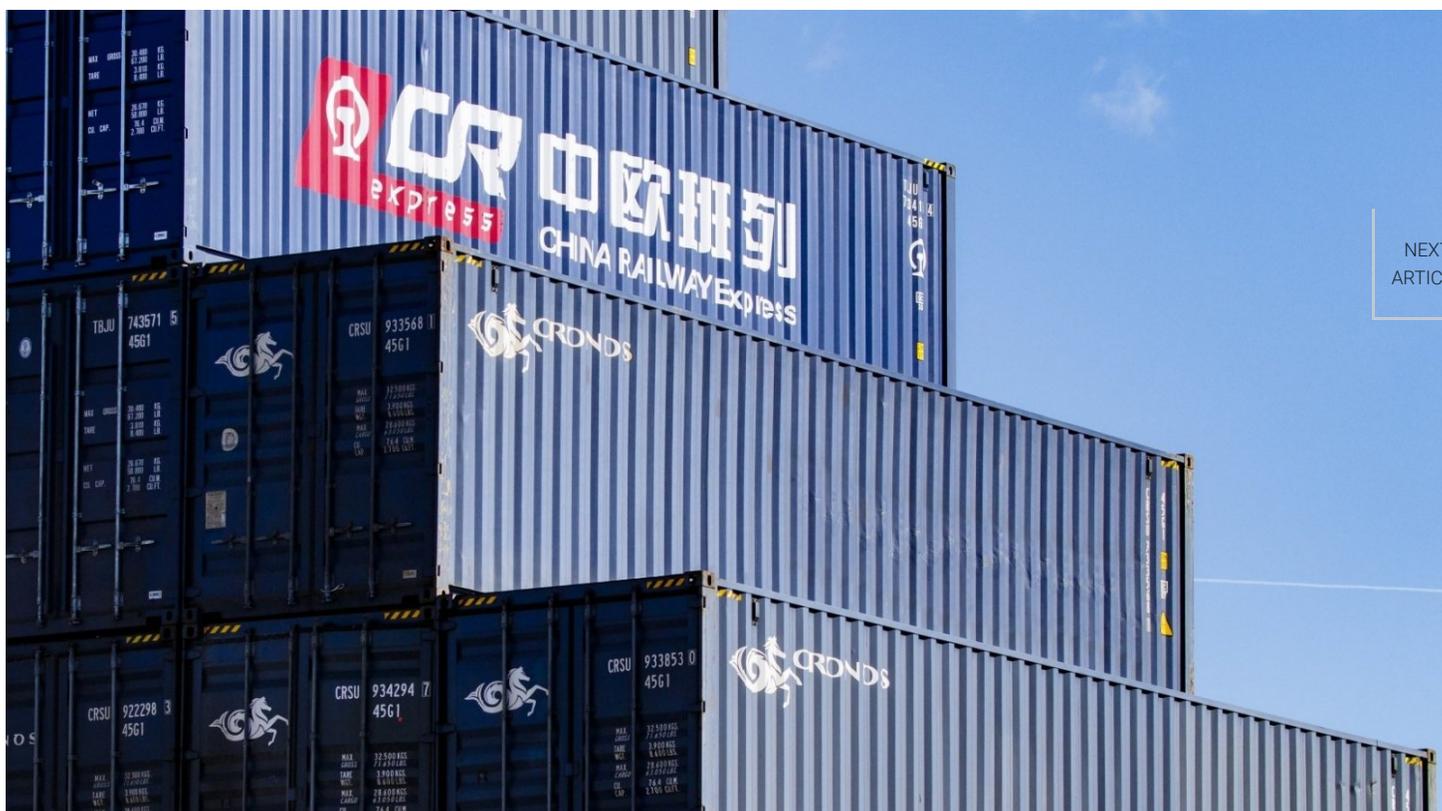
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Trump Announces Sweeping Tariffs on \$60 Billion Worth of Chinese Goods

The president introduced a slew of new measures aimed at reducing the trade deficit with China. Here's how that could shake out for entrepreneurs.



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Just hours before tariffs on imported steel and aluminum (<https://www.inc.com/zoe-henry/trump-steel-and-aluminum-tariffs-ripple-effects-your-business.html>) were set to take effect, President Trump announced a series of new tariffs on as much as \$60 billion worth of Chinese goods (<https://www.washingtonpost.com/business/economy/trump-moves-to-crack->

down-on-china-trade-with-50-billion-in-tariffs-on-imported-products/2018/03/22/c09309630 x 680
2de3-11e8-8ad6-fbc50284fce8_story.html?utm_term=.080f011c4d06). That's causing many in the business community to re-evaluate their supply chains.

"Prices are escalating on our raw products [including] tubing and plate steel, and that's due to volatility and the threat of tariffs," says Jacob Uhlenkott, an adviser with his family's Grangeville, Idaho-based steel fabricator, Advanced Welding and Steel. The roughly 60-person company, which purchases some imported metals and then sells materials to general contractors, is considering laying off a portion of the workforce and automating operations, should the added cost of goods impact the bottom line.

"How do you pivot when you see 20 to 50 percent increases in your raw product?" Uhlenkott asks. "Our goal is zero layoffs, but that might mean freezing wages. We're looking at all options right now to stay competitive."

The goal of the tariffs, as White House officials explained on Thursday (<https://www.nbcnews.com/politics/white-house/trump-seeks-new-china-tariffs-trade-war-worries-mount-n859071>), is to reduce America's deficit with the world's most populous country and defend against what Trump views to be China's shady trade practices. In particular, the administration is taking aim at the unfair seizure of U.S. intellectual property, and plans to impose new restrictions on foreign investment. "We have a tremendous intellectual property theft problem," the president said on Thursday. "[This] is going to make us a stronger, much richer nation."

Advanced Welding and Steel is one of a number of domestic businesses that are concerned that the introduction of new tariffs could lead to losses, particularly for those that import parts or manufacture abroad. "This is a huge threat to U.S. businesses," says Uhlenkott.

While it's unclear what products the most recent tariffs will target, analysts expect that it could include items that many large companies—including, say, Walmart or Sony—typically import from abroad. "We could see anything and everything, such as [tariffs on] electronics, footwear, and clothing," says Doreen Edelman, a trade attorney with the Memphis-based law firm Baker Donelson. U.S. Trade Representative Robert Lighthizer has 15 days to release the list of Chinese goods and sectors that will be targeted, though he insisted during Thursday's announcement that technology was sure to be included in some capacity.

The more pressing fear, Edelman says, is the notion that China may retaliate by levying its own tariffs on U.S. exports, including soybeans or other agricultural products. At present, China is one of the largest buyers of American crops and could conceivably look elsewhere for those products, including Brazil and Argentina. "If we pull the trigger, I don't see how you avoid a trade war," she adds. "You immediately have the agricultural industry outraged." (Beijing this week

renewed a previous warning (<http://money.cnn.com/2018/03/22/news/economy/china-trade-war-trump-tariffs/index.html>) that it would hit back with tariffs of its own should Trump proceed as planned.)

Indeed, the effect of the new tariffs may spiral beyond what the administration has intended. Earlier this week, more than 40 business groups joined the U.S. Chamber of Commerce in urging the president to reconsider the new steel and aluminum tariffs, arguing that the uncertainty created for companies could stymie U.S. agriculture, goods, and service exports, and raise costs for businesses.

"Tariffs make everybody freeze up," Nicole Sahin tells *Inc.* The founder of Boston-based international recruiting firm Globalization Partners suggests that some of her clients will shelve plans for global expansion (<https://www.inc.com/zoe-henry/trump-steel-and-aluminum-tariffs-ripple-effects-your-business.html>) amid new tariffs.

Others are optimistic that the new tariffs could lead to more innovation and strengthen local manufacturing. In response to the previously announced steel and aluminum tariffs, for which U.S. allies including the E.U., Canada, and Mexico are exempt, the Aluminum Association issued a statement in support of the move. "We appreciate the President's commitment to strengthening the U.S. aluminum industry," the trade group said (<http://www.aluminum.org/news/aluminum-association-statement-section-232-announcement>).

Even so, it's feasible that tariffs could similarly drive up the cost of American goods, since local manufacturers could justify charging more. That would hurt businesses such as Isaiah Industries, a Piqua, Ohio-based manufacturer of metal roofing. The company's president, Todd Miller, tells *Inc.* that he anticipates higher costs to manufacture his products, despite the fact that he only sources from American steel makers. "Our chief concern is that the cost of domestic metal will go up according to what the tariffs do to foreign metal," Miller says. "Domestic mills will now be able to get the margins they wanted all along."

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