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The Start of Tariffs 2.0

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- Things are still in a state of flux. Retaliatory trade wars imply a heightened risk of potential further escalation and negative spillovers to other economies if they are dragged into the fray.
- **Macroeconomics**: Singapore as a small open economy may not be immune to the risk of an escalating trade war, notwithstanding the FTA with the US. For China, the measured initial response of turning to the WTO is positive, but there is also no guarantee that events may still take a turn for the worse if negotiations fail. For ASEAN and India, the near-term impact is limited.
- **Rates**: Near-term reaction in USTs to tariffs can potentially be more muted than in some other asset classes, in that USTs benefit from safe haven flows. That said, inflation fear dominates, which may be more reflected at the front-end than at the long end where growth concern is also at play. On balance, near-term reaction may be a flattening of the UST curve.
- **FX:** Worsening/ broadening of trade war can further undermine sentiments and provide a boost to the USD. But we cannot rule out compromises or truce that may also provide a temporary breather for risk proxies. Until we get further clarity on trade relief/truce, markets are likely to continue to buy USD on dips.

Things are still in a state of flux. Retaliatory trade wars imply a heightened risk of potential further escalation and negative spillovers to other economies if they are dragged into the fray. The stakes are rising but there is always hope that calmer heads will prevail. Not sure how Singapore or other trade-dependent economies can safely navigate such potential landmines, apart from reiterating our neutral stance, staying open for business and remaining committed to an open and transparent rules-based system.

The biggest storm cloud hanging over the horizon now is the latest announcements by the Trump administration of 25% tariffs on Canada and Mexico and 10% on China with effect from 4 February. All three targeted economies have pledged retaliation or corresponding countermeasures in the coming days. China also said it will bring the case to the WTO but held off on any specific fresh tariffs for the moment. Moreover, the carve-out for Canadian energy products which will face a lower 10% tariffs may only be temporary as Trump has said he is likely to announce wider tariffs linked to oil and natural gas around 18 February. He also warned that more tariffs may be forthcoming, whether on Europe and other trading partners, and also extending to products

like semiconductors and steel. What is clear is that the Trump administration appears to be willing to absorb some economic pain and associated costs from the tariffs this round as in his own words – "this will be the golden age of America! Will there be some pain? Yes, maybe (and maybe not!). But we will make America great again, and it will all be worth the price that must be paid."

In addition, Trump's executive orders indicated that responding retaliation may lead to an increase or an expanded scope of duties imposed. The implications are significant – first, the tariff scope is broader than under Trump 1.0 and will have key potential to disrupt (at least in the short-term) the highly integrated supply chains such as those in the auto and energy sectors; second who bears the cost? Companies will likely pass on the higher costs to consumers, so American consumers may pay the price for essential goods like food, petrol, consumer products and even consumer electronics. Third, business would likely to be impacted if their access to critical imports such as critical minerals that the US needs are constrained and/or they end up paying higher prices for imported components and intermediate products from these three major trading partners. The ripple effects will plausibly hit US competitiveness and put jobs at risk and could potentially dent corporate margins and the US economy. In turn, this is likely to affect the inflation picture and keep the US Federal Reserve from being able to ease monetary policy by lowering the policy interest rate further. Fourth, near-term financial market volatility is likely to be heightened by the potential escalating trade war risk, as seen by the recent gyrations in the FX, rates and equity markets. Up to this juncture, there was still hope that tariffs was an opening salvo to negotiations and hopefully a deal with a transactional focus. However, this scenario is fading with the latest developments and the potential supply shock could dominate market attention in the days to come, with risk premiums being increasingly priced in. As things are still in an early state of flux, there is still scope for some negotiation and a deal could still be in the offing down the road, so there is no need to be too bearish at this juncture.

Singapore as a small open economy may not be immune to the risk of an escalating trade war, notwithstanding our Free Trade Arrangement with the US. Both Canada and Mexico were not spared despite USMCA. A net weighted balance of manufacturing firms is anticipating a stronger 1H25 rose from 10% (three months ago) to 16%, whereas that for services firms dipped from 13% to 7%, according to the latest business expectations surveys. The most upbeat manufacturing industries were electronics (25% aided by semiconductors), transport engineering (24%, aided by aerospace and followed by marine & offshore activities), followed by general manufacturing (16%) whereas the biomedical cluster was the weakest link (1%). For services, the most optimistic were infocomms (16%) and finance & insurance (14%), whilst most pessimistic were F&B services (-16%), transportation & storage (-8%), and professional services (-7%). Given that MAS has slightly eased the S$NEER policy slope at the

January MPS amid the subsiding core inflation and the upcoming FY25 Budget on 18 February should be a generous pre-election one, there is clearly some buffer from policy accommodation. As such, it may be too premature to tweak our 2.2% GDP growth forecast for 2025 even though the external trading environment has turned cloudier.

US top 5 exports-imports by product			
Canada			
Top 5 exports to Canada	% Share	Top 5 imports from Canada	% Share
Transportation Equipment	20.8%	Oil and Gas	25.0%
Machinery ex Electrical	10.9%	Transportation Equipment	17.5%
Chemicals	10.8%	Primary Metal Manufacturers	8.4%
Computer & Electronic Products	7.5%	Chemicals	7.3%
Processed Food	5.2%	Processed Food	7.1%
Mexico			
Top 5 exports to Mexico	% Share	Top 5 imports from Mexico	% Share
Computer & Electronic Products	14.1%	Transportation Equipment	34.1%
Transportation Equipment	12.7%	Computer & Electronic Products	15.8%
Petroleum and Coal Products	11.4%	Electrical Equipment, Appliances and Components	9.4%
Chemicals	10.3%	Machinery ex Electrical	6.4%
Machinery ex Electrical	8.2%	Oil and Gas	4.2%
China			
Top 5 exports to China	% Share	Top 5 imports from China	% Share
Chemicals	17.7%	Computer & Electronic Products	30.0%
Agricultural Products	14.9%	Electrical Equipment, Appliances and Components	12.1%
Oil and Gas	11.9%	Miscellaneous Manufacturers	11.2%
Computer & Electronic Products	11.5%	Machinery ex Electrical	7.3%
Transportation Equipment	10.2%	Fabricated Metal Products	5.4%

Source: International Trade Administration – US Department of Commerce.

Macro impact on China

For China, the measured initial response of turning to the WTO is positive, but there is also no guarantee that events may still take a turn for the worse if negotiations fail. Given the strategic and economic importance of China to this region, a further slowdown in its growth prospects would be worrying. The analogy is like when two elephants fight, others in the grass may get trampled.

In the early stages of Trade War 2.0, Trump's 10% tariff on Chinese imports is significantly smaller than the 25% tariff imposed on Canadian and Mexican goods. This differentiation likely stems from two key considerations. Firstly, following Trade War 1.0, the average US tariff on Chinese goods had already climbed to around 20%, meaning an additional 10% tariff allows the US to increase trade barriers without significantly disrupting inflation expectations. Secondly, a moderate tariff leaves room for negotiation, providing leverage in future trade discussions.

In our Global Outlook 2025, published in November 2024, we analysed the potential impact of Trade War 2.0 on China. Using export elasticity estimates

from Trade War 1.0, where China's export elasticity to tariffs was between -1.7 to -2.5, we calculated that a 10% tariff increase could lead to a 17% to 25% decline in Chinese exports to the US. However, transshipment effects—where exports are rerouted through third countries—could offset up to 40% of the impact, based on estimates from Chinese scholars. Given that the US accounts for 11-12% of China's total exports, this suggests an approximate 1-2% decline in overall Chinese exports, translating to a potential 0.2% GDP loss for China.

Compared to our November 2024 assumptions, two key unexpected developments have emerged. First, Trump invoked the International Emergency Economic Powers Act (IEEPA) to implement the tariffs immediately, rather than using Section 301 as in Trade War 1.0. This accelerates the direct impact on China, with effects starting as early as Q1 2025, rather than later in the year. Second, the imposition of higher tariffs on US neighbours introduces indirect effects that are more difficult to quantify. Mexico has become an increasingly important assembly hub for Chinese goods destined for the US, meaning tariffs on Mexican and Canadian exports will likely reduce demand for Chinese intermediate and capital goods. Additionally, a tariff-induced global economic slowdown could further weigh on China's trade outlook, though the full impact remains uncertain.

While the immediate risks are evident, China may also find opportunities in the broader application of tariffs. Higher tariffs on Canada and Mexico may force US firms to seek alternative suppliers. Given China's entrenched role in global supply chains post-Trade War 1.0, it could indirectly benefit from increased demand for alternative sourcing in sectors where Mexican and Canadian exports face headwinds. Additionally, as Canada and Mexico respond with retaliatory tariffs, China's negotiating position with the US may strengthen, and it could also acquire US goods at discounted prices, further enhancing its strategic economic leverage. US protectionism could accelerate China's regional cooperation efforts, reinforcing initiatives such as BRICS and the Belt and Road Initiative (BRI). This could strengthen China's economic influence in emerging markets, positioning it as a counterweight to US trade policies.

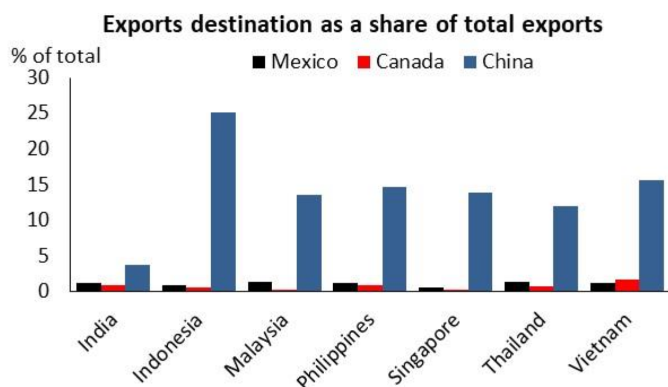
Considering both direct and indirect effects, we estimate that the latest tariff announcements may lower China's GDP growth by 0.2%–0.3% in 2025. The full impact of the tariffs—originally expected in 2026—will now likely be brought forward to 2025 due to earlier-than-expected implementation. However, 10% is unlikely to be the final tariff level. Markets should prepare for potential further tariff increases, with the next moves likely reverting to Section 301 investigations, which previously took around 11 months before the imposition of tariffs during Trade War 1.0. This extended process could buy China time to adjust policies and strengthen domestic resilience.

While China may retaliate against these additional tariffs, the bigger priority in Trade War 2.0 is subsidizing domestic consumers rather than overseas markets. As such, fiscal policy will likely play a more crucial role in 2025, focusing on stimulating domestic demand to counteract the effects of weakening external trade.

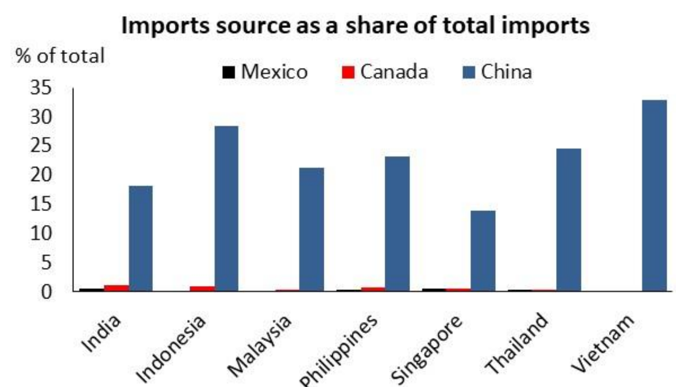
The initial phase of Trade War 2.0 may be less disruptive for China than the first round in 2018–2019, but the risks remain. The early implementation of tariffs accelerates the impact, while higher tariffs on Canada and Mexico introduce new uncertainties for Chinese exports routed through North America. However, China's positioning in global supply chains, potential strategic gains from trade shifts, and soft power expansion through regional alliances could mitigate some of the damage. The next key watchpoints will be whether Trump escalates tariffs beyond 10% and how China calibrates its fiscal policies to bolster domestic growth amid external headwinds.

Direct macroeconomic impact on ASEAN and India is fairly limited for now

The direct of US tariffs on Mexico and Canada for the ASEAN and Indian economy is fairly limited. The trade channel impact is low given the direct shares of exports to and imports from Mexico and Canada are lower than the bigger trading partners of the US, EU and Japan. The impact of higher tariffs on Mainland China means modestly weaker growth for China and subsequently some weakness in demand for ASEAN and India exports.



Note: The latest data is as of 2023, except for Vietnam, which is based on 2022 data. Source: UN Comtrade, OCBC Calculation.



Note: The latest data is as of 2023, except for Vietnam, which is based on 2022 data. Source: UN Comtrade, OCBC Calculation.

However, likely to be offsets from the investment channel especially since the magnitude of tariffs at 10% is significantly lower than 60% which US President Trump had alluded to previously (see *ASEAN: Assessing the impact of potential tariffs*, 30 October 2024). Higher tariffs on China's exports to the US will support the ongoing supply chain diversification in the region. This implies that FDI outflows from China into the ASEAN countries will continue to remain robust. Similarly, for India, we expect the global supply chain diversification to benefit the economy.

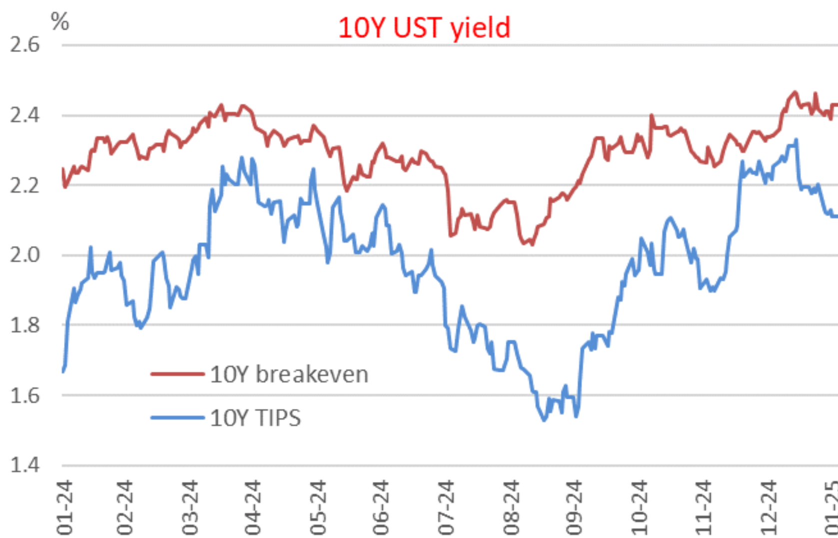
Source: CEIC, OCBC

On balance, we expect the economic growth impact from this round of tariffs to be minimal for ASEAN and India. We maintain our 2025 and 2026 GDP growth forecasts but acknowledge that the downside risks to growth are intensifying. This is specific to higher global market volatility, concomitant drags on business and consumer sentiment and limited room for monetary policy support in the face of higher global inflation risks.

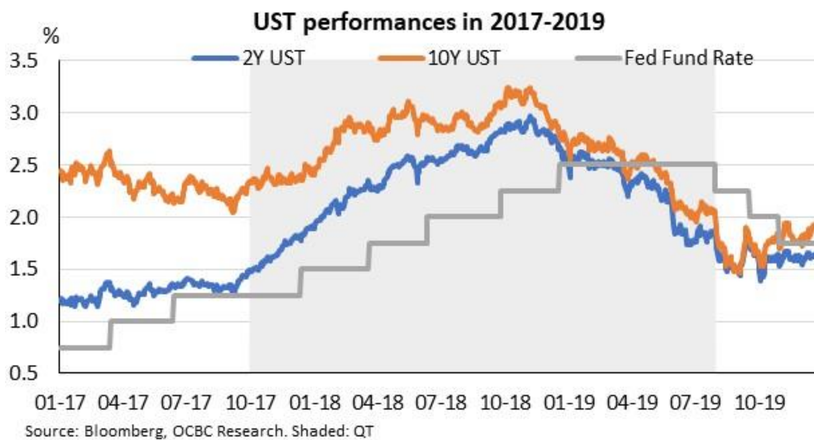
We maintain that the rate cutting cycle from central banks in ASEAN and India will be shallow. We expect a cumulative 50bp in rate cuts from the Reserve Bank of India (including a potential 25bp cut on 7 February), 25bp in rate cuts from Bank Indonesia, Bank of Thailand and Bangko Sentral ng Pilipinas.

Rates Implications

Near-term reaction in USTs to tariffs can potentially be more muted than in some other asset classes, in that USTs benefit from safe haven flows but inflation worries dominate. Buffer from safe haven flows appeared to be more evident in the past couple of weeks amid tariff threats in a weaker form. Now given higher oil and other commodity prices with escalated trade tensions, inflation fear likely dominates. Such inflation worries may be more reflected at the front-end denting Fed funds rate cut expectation, than at the long end where there may be growth concern at play – note the 10Y real yield has retraced from recent peak while 10Y breakeven traded on the high side but within a range. Net-net, the near-term reaction may be a bearish flattening of the UST curve; we do however note that the 2Y breakeven is elevated after the steady increases over past months which may limit the flattening momentum.



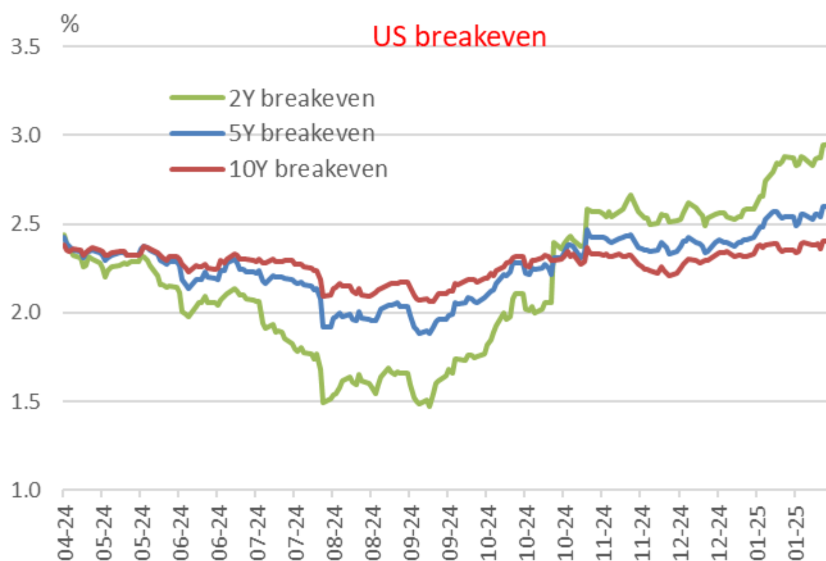
Trump 1.0 may not be a good reference for potential bond market reaction this time round, not least because the Fed was in a different monetary policy cycle. Granted, potential inflation impact of tariffs may be factored into the FOMC's decision-making process thereby reducing the room for interest rate cuts in the current cycle, which is precisely what the market is trading on.



Source: Bloomberg, OCBC Research. Shaded: QT

Fed cycles. The Fed started the rate hiking cycle by delivering a 25bp hike in December 2015; after an extended pause and after the 2016 elections, the Fed followed through by a slew of interest rate hikes from December 2016 through to December 2018 with cumulative 225bps of hikes including the December 2015 one. After range-trading for most of 2016, 2Y UST yield embarked on an uptrend starting November 2016 ahead of the slew of rate hikes; the upward move in yields across tenors gained momentum from September 2017 onwards, while tariffs/trade war intensified only in 2018. Note FOMC announced intention to carry out QT (quantitative tightening) in June 2017 and started QT in October 2017, which likely helped explain the pick-up in the upward momentum in yields. Yields continued to move higher through most of 2018, amid a confluence of factors including continued rate hikes, QT, and trade

tensions. On balance, a significant part of the upward move in yields might have been attributable to the monetary policy cycle – rate hikes and QT, in our view. In comparison, the Fed has delivered a total of 100bps of cuts in this cycle thus far and we believe they remain in an easing cycle, while QT has been underway for quite some time now and the next to look for is a pause in QT as bank reserves move gradually from abundant to ample. Granted, the monetary policy outlook is ever evolving, and potential inflation impact of tariff is one of the factors in FOMC's decision-making process which help shape monetary policy.



Breakeven movements. Breakevens are highly relevant here as the popular notion is tariffs are inflationary. In 2017, 2Y breakeven moved up from the low of 1.15% in July to the high of 1.63% in November; further to a high of 2.06% in March 2018. Thereafter, 2Y breakeven fell amid heightened trade tensions. In comparison, 2Y breakeven has risen by a cumulative 149bps from the low of 1.47% in September 2024. If the move in breakeven was in reaction to expected inflation impact of tariffs, then the impact is partially in the current pricing. At the longer end, breakevens have also risen, but real yield has been a bigger driver – 10Y real yield has retraced lower by 22bps from the recent peak while 10Y breakeven trade at the high end of range, which may reflect the combination of expected inflation and growth impact of tariffs.

FX Implications

USD gapped higher in the open, in reaction to Trump's tariff announcement on Canada, Mexico and China over the weekend. He also confirmed that tariff will 'definitely happen' with European Union. Canada has responded with a 25% counter-tariff on $107bn of US goods while Mexico pledged retaliatory levies. Trump's ignition of trade war undermined sentiments. Not surprisingly, high-beta FX including AUD, NZD and CAD were down between 1.5% and 2% today.

JPY was the least affected (-0.2% vs USD) amid safe haven demand. DXY was up 1.3% as of writing.

We revisited the last trade war that occurred in Trump 1.0 to look at FX implications. FX direction was not one way because of the series of trade war-trade truce that occurred, alongside Fed late hiking cycle, followed by rate cut cycle.

Consistent Pattern: Trade war-> USD strength; Trade Truce -> USD eases

Note: Bloomberg Asia dollar index tracks performance of leading Asian FX and the weightings of constituents are a function of both trading and liquidity. Weights are CNY 46.09%, KRW 12.41%, SGD 11.23%, INR 10.7%, TWD 8.32%, THB 3.73%, MYR 3%, IDR 2.63% and PHP 1.9%. *Source: Bloomberg, OCBC Research.*

Going back to Trump 1.0, intensification of trade war only came into play in 2018, starting with tariffs on imported solar cells and certain washing machines on 23 Jan 2018. Trump then moved to endorse trade wars in March-2018, authorizing tariffs of 25% and 10% on steel and aluminum imposts, respectively. About 3 weeks later China retaliated with tariffs on about $3bn worth of US goods. In Jun-2018, Trump imposed 25% tariff on $50bn of Chinese goods, and China retaliated swiftly announcing tariffs on $50bn of US goods. Subsequently between Jun and late-Sep 2018, there were a series of tit-for-tat trade war between US and China. Not surprisingly **during the period of Mar to Oct 2018, when trade war erupted and intensified, AXJ FX depreciated sharply by ~9% while USD appreciated**. 2018 was also the period when Fed embarked on late hike cycle and started QT.

But **relative stabilization comes into play around Nov-2018 in the lead up to 1 Dec 2018** when Trump and Xi had dinner at a G20 summit in Argentina. The US agrees to delay a planned increase of the tariff rate on $200 billion in Chinese goods to 25 % from 10 %. They set out to strike a trade deal

within 90 days. Both presidents agreed to a 90-day trade truce to allow for further talks to address US concerns after China committed to buying a “very substantial” amount of American exports. On 24 Feb 2019, Trump again delays his plans to increase tariffs on $200 billion in Chinese goods to 25 % from 10 %, citing "substantial progress" in the most recent round of trade talks with China. He says the White House and Beijing will plan a summit at his Mar-a-Lago resort to "conclude an agreement" assuming "both sides make additional progress." **During the period from Nov-2018 to Apr-2019, AXJ FX appreciated by about 4%.**

Source: Bloomberg, OCBC Research

But in May-2019, President Trump said that tariffs on $200 billion of Chinese goods would increase to 25% on $200 billion of Chinese goods. Trade war between the two countries then resumed and US Treasury labelled China as “currency manipulator” (5 Aug 2019). **During the period from Apr to Oct 2019, AXJ FX depreciated by ~5%.**

It was not until around Sep-Oct 2019 when US agreed to delay new tariffs on $250bn worth of Chinese goods and that a “substantial phase one deal” with China was reached, which involved intellectual property, financial services and agricultural purchases. The phase one deal was eventually only signed on 15 Jan 2020 and US Treasury department dropped its designation of China as a currency manipulator on 13 Jan 2020. **During the period from Oct 2019 to Jan 2020, AXJ FX appreciated by ~4%, alongside Fed cutting cycle which commenced in July-2019.**

While history may not repeat itself in entirety due to different market environment (Fed hike cycle, QT start in Trump 1.0, etc.), we can still broadly infer from trade war in Trump 1.0 about the general direction FX may take in Trump 2.0. High beta FX, including AUD, NZD are likely the ones that are likely to come under pressure.

In this episode, the tariff first hit Canada, Mexico and to some extent, China. Trump also set expectations for tariffs to hit European Union in due course. **Alongside the high-beta FX (AUD, NZD), we would also expect CAD, MXN, EUR, RMB and RMB-proxy such as KRW, THB, MYR to come under pressure. On the other hand, FX that are more domestic-oriented (less open trade, lower correlation with RMB) such as PHP and typical safe haven proxy, such as JPY, CHF and gold may be less affected. SGD may also come under pressure to some extent, given that MAS recently reduced policy slope (i.e. rate of appreciation to slow).** Overall, protectionism measures, trade wars may undermine global trade, growth, sentiments and pose risks of inflation for US. This may derail its disinflation journey and imply fewer Fed cuts in 2025/26. Further hawkish re-pricing alongside risk-off sentiments will keep USD broadly supported in the interim.

Near term, focus will be on Trump's talk with Trudeau and Mexican leaders (4 Feb). At this point, there is little expectations for a deal or truce. Hence any USD dips may be shallow for now. On AXJ FX, we expect policymakers to step in to smooth excessive volatility.

FX % Change vs. USD in Different sub episodes of Trade War

	Trump 1.0		Trump 2.0
	Mar - Oct 2018 Trade war	Apr - Oct 2019 Resumption of Trade War	Feb 2025 Tariffs on Canada, Mexico, China and threat on EU
NZD	-10.10	-7.14	-1.56
AUD	-8.81	-4.94	-1.54
TWD	-5.35	-0.14	-1.38
CAD	-2.43	0.12	-1.32
EUR	-7.79	-1.85	-1.20
THB	-5.34	4.33	-1.08
GBP	-7.33	-5.04	-0.98
IDR	-9.57	0.52	-0.93
KRW	-4.98	-5.20	-0.84
SGD	-4.52	-1.55	-0.70
MYR	-6.11	-2.61	-0.59
CHF	-6.61	0.17	-0.57
PHP	-3.02	1.68	-0.54
XAU	-7.77	16.02	-0.50
CNH	-8.99	-5.42	-0.22
JPY	-5.93	3.12	-0.21
CNY	-8.85	-5.69	NA

Note: (1) FX % change under Trump 2.0 accounts for period 31 Jan 2025 close to 3 Feb 2025 as of writing; (2) NA change for CNY as onshore markets remained closed for Lunar New Year holidays
Source: Bloomberg, OCBC Research (CNY onshore remains closed for hols).

That said, there are signs that China may be preparing for negotiations to avoid a full-blown trade war. WSJ reported that China is planning more investments in US, renewing pledge not to devalue the RMB to support its exports, commitment to reduce shipments of fentanyl precursors. It was also reported that Beijing is also looking to *treat the situation around TikTok as a commercial matter, meaning it might allow investors in its Chinese parent ByteDance negotiate a deal with interested American bidders.* While it remains early days to talk about trade truce or a deal (since the last trade war in Trump 1.0 lasted about 18months), it is nevertheless important to consider the temporary truce scenario playing out intermittently at some point. And in such scenario, RMB, alongside AXJ FX can recover while USD eases.

FX % Change vs. USD in Different sub episodes of Trade Truce

	Trump 1.0	
	Nov 2018 - Apr 2019 Trade Truce	Oct 2019 - Jan 2020 Phase one Deal
GBP	0.70	5.12
NZD	2.27	5.03
XAU	4.40	3.92
IDR	6.35	3.73
CNY	3.16	3.45
CHF	0.34	3.35
CNH	2.95	3.31
MYR	2.40	3.12
TWD	0.40	3.01
KRW	0.37	2.99
SGD	1.62	2.12
AUD	-1.30	2.03
CAD	-1.66	1.91
PHP	1.94	1.89
EUR	-1.71	1.20
THB	3.95	0.09
JPY	1.23	-1.98

Source: Bloomberg, OCBC Research.

Appendix

Timeline of Trump's Tarrifs during his first term

Date	Details
22-Mar-2018	The US announces it will impose tariffs of 25 per cent on US$50 billion (S$68.2 billion) of Chinese imports, particularly electronics, in the first round of tariffs specifically targeted at China.
02-Apr-2018	China imposes tariffs on US$3 billion worth of 128 US products, in response to America's earlier levies on steel and aluminium. China also responds to the March 22 tariffs by drawing up its own list of 25 per cent tariffs on US$50 billion of specific American imports, including soybeans and automobiles.
19-Jun-2018	The US declares it will move ahead with the 25 per cent tariff on US$50 billion of Chinese exports, with tariffs on US$34 billion of these goods to take effect on July 6 and the remaining US$16 billion later.
06-Jul-2018	US and Chinese tariffs of 25 per cent on US$34 billion of each other's goods go into effect.
23-Aug-2018	US and Chinese tariffs of 25 per cent on US$16 billion of each other's goods go into effect.
17-Sep-2018	The US announces it will impose new tariffs of 10 per cent on another US$200 billion of Chinese goods on Sept 24, which will increase to 25 per cent on Jan 1. China announces 10 per cent retaliatory tariffs on US$60 billion of American goods.
24-Sep-2018	US and Chinese tariffs of 10 per cent go into effect. In total, America has tariffs on US$250 billion of Chinese goods, while China has tariffs on US$110 billion of American goods.
01-Dec-2018	US President Donald Trump and Chinese President Xi Jinping agree to a truce. Mr Trump delays his hike of the 10 per cent tariffs to 25 per cent on US$200 billion of Chinese goods until March 1.
24-Feb-2019	Mr Trump postpones the March 1 tariff hike indefinitely, citing progress made in trade talks.
05-Mar-2019	Mr Trump says the 10 per cent tariffs on US$200 billion of Chinese goods will be raised to 25 per cent on May 10. He threatens 25 per cent tariffs on another US$325 billion of as-yet untaxed Chinese goods.
9-July-2019	110 Chinese products such as medical devices are granted an exemption from 25% tariff for one year.
1-Aug-2019	U.S. President threatens new 10 percent tariffs on Chinese products not yet affected as of September 1, 2019 (List 4).
13-Aug-2019	The USTR states that some products on List 4 will not be subject to new tariffs until December 15 (List 4B, approximately 156 billion U.S. dollars). The rest of the products will be subject to the announced tariffs as of September 1 (List 4A, approximately 111 billion U.S. dollars). Some products will be completely removed from the two lists, i.e. excluded from the tariffs.
23-Aug-2019	U.S. President Trump announces 5 percentage points increase in additional tariffs on Chinese imports: ▪ as of September 1, and December 15, the already announced tariffs are to be increased from 10 to 15 percent to a volume of approximately 300 billion U.S. dollars ▪ as of October 1, the tariff already imposed on goods worth 250 billion U.S. dollars is to be increased from 25 to 30 percent.
1-Sep-2019	The Section 301 tariff of 15 percent on imports from China is imposed (List 4A products).
11-Sep-2019	As a reaction to China's concession, U.S. President Trump postponed the announced increase of already applied Section 301 tariffs on goods from China from 25 to 30 percent from October 1 to October 15, 2019.
11-Oct-2019	United States and China report breakthrough for "Phase 1" of an agreement. The United States announced not to increase special tariffs on Chinese goods from 25 to 30 percent as planned for October 15. Further agreements on exchange rate fluctuations have been announced.
15-Dec-2019	Following a political agreement on a "Phase 1 deal" between the US and China, President Trump declares that the special tariffs of 15 percent on imports from China from September 1, 2019 on products on List 4A will be halved to 7.5 percent. The threatened 15 percent special tariff on imports from China on List 4B products originally scheduled to be imposed on December 15, 2019 is suspended.
14-Feb-2020	Special tariffs imposed on certain products from China will be reduced from 15 to 7.5 percent in order to meet the political obligations of the Phase One Deal.
Source: The Straits Times, The Federation of German Industries BDI.	

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