



KAMARAJ IAS ACADEMY
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US will China hits back with 34 % tariffs on all US products

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Context

- China announced on Friday that it will impose a 34% tariff on imports of all U.S. products beginning April 10, part of a flurry of **retaliatory measures following U.S. President Donald Trump's "Liberation Day" slate of double-digit tariffs.**
- The new tariff matches the rate of the **U.S. "reciprocal" tariff of 34% on Chinese exports** that President Trump ordered this week.
- The Commerce Ministry in Beijing also said in a notice that it will **impose more export controls on rare earth elements**, which are materials used in **high-tech products such as computer chips and electric vehicle batteries.**
- Included in the list of minerals subject to controls was **samarium** and its compounds, which are used in **aerospace manufacturing and the defence sector.**
- Another element called **gadolinium is used in MRI scans.**
- The **U.S. is the world's largest importer of manufactured goods**, accounting for about 13% of global imports in 2023.
- In the immediate term, the **cost of imports will rise for American consumers, leading to reduced demand.**
- The ripple effects will be global, causing production slowdowns as exporters scramble to find alternative markets.
- Economies such as **China, Japan, India and the European Union are likely to experience a temporary decline in economic growth.**
- Today, **China commands the largest share of global trade**, at around 14%, while the **U.S. has slipped to roughly 10%.**
- The **world's leading exporters of advanced technologies** are now **China and other Asian powers, including South Korea, Japan, and Taiwan.**
- Thus, Mr. Trump's turn to protectionism — **an attempt to regain American economic dominance** — may well hasten the country's retreat from its hegemonic position.

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Widening gap

Over years, China to U.S. imports have grown at a much faster rate than exports from the U.S. to China

