The tariffs’ intended effect is to limit China’s dominance in cutting-edge technology manufacturing sectors

On April 3, 2018, the Trump administration announced a proposed set of tariffs on more than 1,300 Chinese goods. The intended effect of the tariffs, which apply to approximately $50.0 billion worth of goods, is to limit China’s dominance in cutting-edge manufacturing sectors by restricting the transfer of technology, intellectual property and innovation flowing from the United States to overseas trading partners. The list focuses on high-tech items such as semiconductors, lithium batteries, electric vehicles, aircraft parts and medical equipment, offering protections to domestic manufacturers of these products. However, other domestic industries that contend with high levels of competition from Chinese products, such as US manufacturers of consumer goods such as clothing, shoes and toys, have been left out.

**Industries most exposed**
The industries most affected by the list of tariffs are circuit board and electronic component manufacturers, battery manufacturers, wiring device manufacturers, audio and video equipment manufacturers and heating and air conditioning manufacturers. In these industries, China accounts for a large share of industry imports and the tariffs are applicable to a large share of such imports. For example, the Circuit Board and Electronic Component Manufacturing industry is expected to benefit from tariffs on printed circuit assemblies of communications devices, industrial process controls and consumer electronics, which collectively comprise more than 40.0% of total revenue for the industry. China accounts for the largest share of imports for the industry, with imports from China accounting for 50.8% of the total. Meanwhile, operators in the Battery Manufacturing industry are anticipated to benefit from tariffs on primary cells and primary batteries composed from silver oxide, lithium and zinc-air, which collectively generate 38.7% of total revenue for the industry. In this industry, China accounts for the largest share of industry imports at 35.1% of the total.

**High exposure to tariffs with little impact**
Manufacturers of aluminum, motor vehicles and aerospace products and parts are also expected to be affected by the list of proposed tariffs. In these industries, China accounts for a small percentage of industry imports; however, the tariffs are applicable to a large share of such imports. For example, the Aluminum Manufacturing industry is expected to benefit from...
Top Industries Exposed to Chinese Tariffs

tariffs on imported flat-rolled aluminum products and aluminum extrusions, including alloy bars, rods, profiles, wires, plates, sheets, strips, foil, tubes and pipes. Collectively, these products generate the majority of industry revenue at 57.1%; meanwhile, China accounts for a relatively small share of industry imports at just 15.7% of the total. Additionally, operators in the Aircraft, Engine and Parts Manufacturing industry (33641a) are expected to benefit from tariffs on aircraft turbojets, turbopropellers, gas turbines and stators and rotors for electric generators, as well as tariffs on certain airplanes and other powered aircrafts. Aircraft engines and engine parts and other aircraft parts and auxiliary equipment generate 39.3% of total revenue for the industry, while the manufacture of airplanes generates the remaining percentage. However, imports of industry products from China are relatively minor, accounting for less than 2.0% of the industry’s total imports.

High imports with little tariff assistance
Communications equipment manufacturers, telecommunications equipment manufacturers, major household appliance manufacturers and household furniture manufacturers are additionally expected to be affected by the proposed tariffs, though to a lesser degree. In these industries, China accounts for a large share of industry imports; however, the tariffs are generally only applicable to a small share of such imports. For instance, operators in the Communication Equipment Manufacturing industry are anticipated to benefit from tariffs on transmission and reception apparatuses for radio broadcasting, radio navigational aids, radio remote control apparatuses, radio receivers and other related broadcasting equipment. The manufacture of radio station and broadcast equipment collectively generates 50.4% of total industry revenue. While the import tariffs only

![Industries Impacted by Chinese Tariffs](image_url)
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affect a small portion of select products from these categories, imports of industry products from China are significant, comprising the majority of industry imports at 62.6% of the total. Meanwhile, the Power Tools and Other General Purpose Machinery Manufacturing industry (IBISWorld report 33399) is expected to benefit from import tariffs on Chinese welding, tempering and soldering equipment, power-driven hand-tools and industrial process furnaces. These products collectively generate 23.3% of total revenue for the industry; however, the import tariffs only cover a small portion of select products from these categories. Within the industry, imports from China comprise the largest singular share of total industry imports at 21.7%.

The set of proposed tariffs, which are targeted for an additional 25.0% duty, have not yet been finalized. The Trump administration is expected to hold a public hearing for US businesses regarding the proposed list of tariffs on May 15, 2018. It remains unclear exactly when the tariffs will take hold.

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