

Biden could soon lift tariffs on China in bid to tackle inflation: report

President Biden is poised to roll back tariffs on some Chinese imports in an effort to slow soaring rates of inflation not seen in the country for decades.

A decision by Biden could be announced as soon as this week, according to The Wall Street Journal.

The Biden administration is wrapping up a mandatory review of tariffs on Chinese imports that were first imposed by former President Donald Trump, who argued that China needed to be penalized due to unfair trade practices.

American businesses and labor unions that have favored keeping the tariffs in place will have until Tuesday to offer comment before the administration announces a final decision, the Journal reported.

Biden has repeatedly postponed plans to cut tariffs due to policy disagreements among his own senior aides and Cabinet secretaries, the outlet said.

Treasury Secretary Janet Yellen and Commerce Secretary Gina Raimondo are reportedly in favor of reducing tariffs because they view them as ineffectual in addressing alleged trade practices by Beijing.

But others in the administration, including US Trade Rep. Katherine Tai and national security adviser Jake Sullivan, favor keeping the tariffs in place as a tool to exercise leverage over China.

Sullivan and Tai want to lift tariffs only on condition that China addresses American complaints that unfair trade practices put US companies at a disadvantage.

Biden hopes that lifting tariffs will reduce the cost of consumer goods that have risen sharply in the last year due to record levels of inflation.

In May, the consumer price index remained at a sky-high clip of 8.6% — the

highest since 1981 — thanks to skyrocketing oil prices as well as the rising cost of food, rent and health care.

The 8.6% year-over-year figure is higher than the 8.3% that was predicted by analysts — and exceeded the 8.3% posted in April, when it dipped from 8.5% in March.

The Personal Consumption Expenditures price index, the Fed's preferred gauge for inflation, rose 6.3% in May, according to Commerce Department data released on Thursday.

The reading showed that inflation remains a persistent threat to the economy, though it is showing signs of leveling off after a months-long surge.

Economists doubt that lifting tariffs, which is one of the few tools that the administration has at its disposal to fight inflation, will have a considerable effect.

China has demanded that Washington ease tariffs on its imports.

"With inflation rates running high across the globe, the US needs to lift all the additional tariffs imposed on China, as this will serve the interests of businesses and consumers and benefit both countries and the world at large," Chinese Foreign Ministry spokesman Wang Wenbin told reporters on June 15.

Source:

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