



"Biggest trade war in economic history"

Chinatopix via AP

A ship hauls containers at a container port in Qingdao in eastern China's Shandong province Friday. The United States hiked tariffs on Chinese imports Friday and Beijing said it immediately retaliated in a dispute between the world's two biggest economies that President Donald Trump says he is prepared to escalate.

Markets take opening salvo of U.S.-China trade battle in stride

By **JOE MCDONALD**,
PAUL WISEMAN
and **DARLENE SUPERVILLE**
Associated Press

BEIJING — The United States and China launched what Beijing called the "biggest trade war in economic history" Friday, imposing tariffs on billions of dollars of each other's goods amid a spiraling dispute over technology.

The Trump administration is confronting China over development tactics it says include stealing technology or pressuring foreign companies to hand it over. American officials worry U.S. industrial leadership will be eroded by Chinese plans to create tech champions in fields including robotics, biotech and artificial intelligence.

Washington imposed 25 percent duties on \$34 billion of imports from China, the first in a series of possible increases that President Donald Trump says could affect up to \$550 billion of Chinese goods, more than the total amount China exported to the U.S. last year.

The first round targets Chinese industrial goods, not consumer products, in an attempt to limit the impact on U.S. households, but companies that rely on Chinese-made machinery or components may eventually have to pass along increased costs to customers.

The Chinese Foreign Ministry said "retaliatory tariffs" also took effect, but provided no other details. The Communist Party newspaper *People's Daily* said tariffs were imposed on a list of goods issued last month that included soybeans, pork and electric vehicles. U.S. soybean farmers have been particularly concerned, and the price of soybeans has plunged 17 percent over the past month on tariff fears.

Washington has "ignited the biggest trade war in economic history," said a Commerce Ministry statement.

During an official visit to Bulgaria, China's No. 2 leader, Premier Li Keqiang, said "no one will win by fighting a trade war, yet China will take countermeasures in the face of unilateral moves."

Companies worry the dispute could chill global economic growth, but Asian financial markets took Friday's developments in stride.

Japan's main stock index, the Nikkei 225, gained 1.1 percent while the Shanghai Composite Index added 0.5 percent. Hong Kong's Hang Seng also rose 0.5 percent.

The conflict between the

world's two biggest economies reflects chronic tension in their relationship as customers, business partners, and increasingly competitors. It also is rooted in the clash between American notions of free trade and Beijing's state-led development model.

China's ruling Communist Party has insisted on making changes at its own pace while sticking to state-directed technology development seen as the path to prosperity and global influence. Beijing has announced reforms this year including ending limits on foreign ownership in its auto industry, but none directly addresses complaints that are fueling its conflict with Washington.

On Thursday, Trump said higher tariffs on an additional \$16 billion in Chinese goods were set to take effect in two weeks.

After that, the hostilities could intensify: Trump said Washington is ready to target an additional \$200 billion in Chinese imports — and then \$300 billion more — if Beijing does not yield.

That would bring the total of targeted Chinese goods to \$550 billion — more than the \$506 billion in goods that China shipped to the United States last year.

Chinese officials reject accusations they steal or force foreign companies to hand over technology. But rules on auto manufacturing and other industries require companies to work through state-owned partners, obliging them to share know-how with potential competitors.

Other governments express similar complaints toward Beijing, but Washington has alienated potential allies by raising import duties on steel, aluminum and autos from Europe, Canada, Mexico and Japan. Some have responded by hiking their own tariffs on U.S. goods.

Trump's confrontational outlook applies to other trading partners as well as China, said Tai Hui, chief strategist for JP Morgan Asset Management, in a report.

"This is a potential concern for the outlook of corporate investment and consumption around world," Hui said.

Other disputes brewing

WASHINGTON (AP) — President Donald Trump is fighting trade battles in all directions, not just with China.

Trump ran for the White House on a vow to reverse decades of U.S. policy by scrapping deals that he said put American manufacturers at a competitive disadvantage and by forcing U.S. trading partners to shrink their trade surpluses with the United States.

THE STEEL SPAT: Trump has enraged such U.S. allies as the European Union, Canada and Mexico by hitting them — and just about everyone else — with a 25 percent tariff on imported steel and a 10 percent tariff on imported aluminum. What galls them most is the president's justification: Using a little-used weapon in U.S. trade law, he has declared that the imported metals are a threat to America's national security.

The steel and aluminum tariffs have drawn retaliation from a host of U.S. trading partners. The EU targeted American exports that could inflict political pain, including bourbon (a product produced in Kentucky, home state of Senate Majority Leader Mitch McConnell), and Harley-Davidson motorcycles, made in Wisconsin, home state of House Speaker Paul Ryan.

THE NAFTA REWRITE: On the campaign trail, Trump attacked the 24-year-old North American Free Trade Agreement with Canada and Mexico as unfair to the United States. The pact eliminated most trade barriers among the three countries. It opened markets for U.S. farmers but led some American automakers to shift production to low-wage Mexico and to then ship cars back to the United States duty-free.

Trump vowed to either negotiate a better deal or abandon NAFTA. Abandoning NAFTA, though, would disrupt the complex supply chains that manufacturers have built across the bloc's borders and likely drive up U.S. car prices.

The negotiations began in August but have stalled over U.S. demands designed to discourage investment in Mexico and to shift auto production back to the United States. Trump's attempt to use the steel and aluminum tariffs to pry concessions from the Mexicans and Canadians proved futile.

AUTO WARS: Reprising the tactic he used against steel and aluminum imports, Trump in May ordered the Commerce Department to investigate whether imported vehicles and auto parts pose a threat to U.S. national security that justifies tariffs. The proposal drew scorn from economists and European officials.

Trump sometimes changes his justification for seeking auto tariffs. In a tweet last month, he complained about EU trade barriers and warned that "if these Tariffs and Barriers are not soon broken down and removed, we will be placing a 20% Tariff on all of their cars coming into the U.S. Build them here!"

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HERMISTON

Mobile vendor rules on council's plate Monday

By **JADE MCDOWELL**
East Oregonian

city's licenses are currently in use.

The Hermiston City Council will get an update on the city's mobile food vending ordinance on Monday.

City staff are holding off on making any recommendations about amendments to the ordinance until a citizen survey ends on July 15, but the topic is on the agenda for discussion only on Monday.

The city council passed a mobile food vending ordinance in 2013, setting design and safety standards, banning seating and requiring that the trucks move each night. The ordinance stated that the number of \$500-per-year licenses that were initially issued would be the city's cap, and at the time only three of the 10 local food trucks applied for a license.

According to a memo in Monday's agenda packet from city planner Clint Spencer, the city receives one to two inquiries per month about setting up a food truck in town, even though all three of the

The survey, available in English and Spanish at hermiston.or.us, had received 548 responses by Friday.

During Monday's meeting the council will also discuss the League of Oregon Cities' legislative priorities for next year's session. The League solicits feedback from cities ahead of each long session about what its lobbying priorities should be. The council will discuss the priorities during a 6 p.m. work session before selecting priorities at the regular 7 p.m. meeting.

Other items on Monday's agenda include a proclamation for National Night Out, committee reports and an executive session on real property transactions.

The city council meets at 7 p.m. the second and fourth Monday of each month at city hall, 180 N.E. Second St.

Contact Jade McDowell at jmcdowell@eastoregonian.com or 541-564-4536.

Port of Morrow manager search moves forward

BOARDMAN — The Port of Morrow plans to have a new director in place in early August. Commissioners determined the timeline Friday morning, when they met in executive session to review a pool of 33 candidates that had applied for the executive director position, which will be vacated by longtime manager Gary Neal in December.

Commissioner Rick Stokoe said they would

wait to release the names of remaining applicants until they had confirmed their availability for an in-person interview. He said the port will host a meet-and-greet for candidates and the public on August 6, and will interview candidates on August 7.

He said the commissioners have the option to extend a job offer on August 7, but may wait until their regular August 8 meeting to do so.

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