

# Trump heightens China tariff threat with no deal in sight

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President Donald Trump speaks before signing an Executive Order that establishes a National Council for the American Worker.

WASHINGTON (AP) — With President Donald Trump intensifying his rift with U.S. trading partners, economists are growing more doubtful that any deal that might benefit American workers and companies is in sight.

Instead, many analysts say they expect the Trump administration to impose more tariffs on China and potentially other key U.S. trading partners. With those nations almost certain to retaliate, the result could be higher prices for Americans, diminished export sales and a weaker U.S. economy by next year.

In an interview with CNBC that aired Friday morning, Trump renewed his threat to ultimately slap tariffs on a total of \$500 billion of imports from China — roughly equal to all the goods Beijing ships annually to the United States. The president has already imposed tariffs on \$34 billion in Chinese goods, and Beijing has retaliated with tariffs on an equal amount of American exports. The White House has also itemized \$200 billion of additional Chinese imports that it said may be subject to tariffs.

In addition, Trump has told the Commerce Department to investigate whether imported autos and auto parts threaten America's national security — the same justification the president has invoked for other tariffs he has imposed or threatened, including on imported steel and aluminum. If the answer is yes, the administration says it could slap 20 percent to 25 percent tariffs on \$335 billion of auto imports.

Higher car prices for American consumers would inevitably follow.

On Friday morning, Trump for a second day also criticized the Federal Reserve, breaking with a long-standing tradition at the White House of avoiding any influence, real or perceived, on the independence of the U.S. central bank. Simultaneously, he accused China of allowing its tightly controlled currency to drift lower against the dollar, a move that could help Chinese exporters by making their goods more affordable overseas.

In a tweet, the president said:

"China, the European Union and others have been manipulating their currencies and interest rates lower, while the U.S. is raising rates while the dollar gets stronger and stronger with each passing day — taking away our big competitive edge."

Last month, the Fed raised its benchmark rate for a second time this year and pro-

jected two more increases in 2018. Its rate hikes are meant to prevent the economy from overheating and igniting high inflation. But rate increases also make borrowing costlier for households and companies and can weaken growth.

Analysts say they're becoming more convinced that Trump's multi-front trade fights aren't merely a short-term negotiating ploy. Rather, he may be prepared to wait as long as he feels it necessary to force other countries to adopt trade rules more favorable to the United States.

"People are underestimating what we're headed for," said Rod Hunter, a lawyer who served as a White House economic adviser under President George W. Bush. "He's been saying since the '80s that trade deals are bad and we should have more tariffs, and that's what we're getting."

Moody's Analytics estimates that if the tariffs were imposed on autos

and most Chinese imports and other countries retaliate as expected, annual U.S. growth would slow by 0.5 percentage point by mid-2019. It expects that 700,000 jobs would be lost.

Global markets have remained generally calm despite the eruption of a full-blown U.S.-China trade war and the other conflicts Trump has ignited. On Friday, the Dow Jones industrial closed down slightly.

"I've been surprised that up until now, markets seem overly sanguine about the risks" of a trade war between the world's two biggest economies, said David Dollar, senior fellow at the Brookings Institution and a former official at the World Bank and U.S. Treasury Department.

In the CNBC interview that aired Friday, Trump reiterated his complaints about America's trade gap with China, even though reforming China's technology policies wouldn't likely narrow the trade deficit.

## BRIEFLY

### Trump was taped talking of paying for Playboy model's story

NEW YORK (AP) — President Donald Trump's former personal lawyer secretly recorded Trump discussing a potential payment for a former Playboy model's account of having an affair with him, people familiar with an investigation into the attorney said on Friday.

The recording by attorney Michael Cohen adds to questions about whether Trump tried to quash damaging stories in the run-up to his 2016 election. Trump's campaign had said it knew nothing about any payment to ex-centerfold Karen McDougal. It could also further entangle the president in a criminal investigation that for months has targeted Cohen, his onetime lawyer and close ally.

Current Trump attorney Rudy Giuliani said the payment was never made and the brief recording shows Trump did nothing wrong.

"The transaction that Michael is talking about on the tape never took place, but what's important is: If it did take place, the president said it has to be done correctly and it has to be done by check" to keep a proper record of it, Giuliani said.

One of Cohen's lawyers, Lanny Davis, said "any attempt at spin cannot change what is on the tape."

### Branson mourns for 17 killed in sinking of packed duck boat

BRANSON, Mo. (AP) — The country-and-western tourist town of Branson, Missouri, mourned Friday for more than a

dozen sightseers who were killed when a duck boat capsized and sank in stormy weather in the deadliest such accident in almost two decades.

Divers found four more bodies in Table Rock Lake, bringing the death toll to 17, including nine people from the same family and the crew member who was steering the amphibious vessel. In their initial assessment, authorities blamed thunderstorms and winds that approached hurricane strength.

Twenty-nine passengers and two crew members were aboard for a pleasure cruise. Seven of the 14 survivors were hurt when the vessel went down. At least two children and two adults were still hospitalized Friday. The captain survived, authorities said.

### Republicans pick Charlotte to host 2020 convention

CHARLOTTE, N.C. (AP) — As Charlotte, North Carolina, celebrates being chosen Friday to host the 2020 Republican National Convention, an undercurrent of concern about the potential for violence runs through the Democratic-leaning city.

The GOP's national committee selected North Carolina's largest city over Las Vegas as hundreds of party activists gathered in Austin, Texas, for the committee's summer meeting.

Mayor Vi Lyles, Charlotte's first black female mayor led the campaign to bring the convention to Charlotte and said in a newspaper column that it would be a chance for the city to show its inclusiveness. The city council voted 6-5 to extend the bid, and Lyles emphasized that the vote wasn't an endorsement of President Donald Trump.



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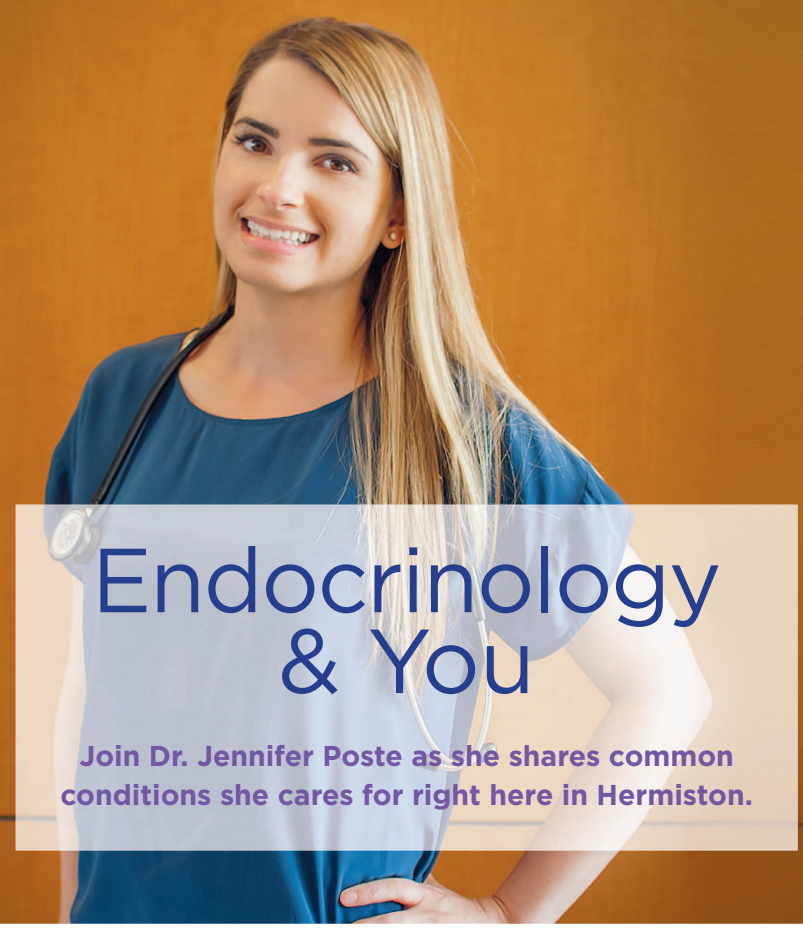
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