



WISERTRADE, REMI and Some Cost/Pricing Impacts of U.S. Tariffs on Imports from China

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REMI Spring Meetings

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WISERTRADE's Origins

- Dr. Stephen Cohen, U of Mass. Amherst
- Dr. George Tryez, REMI,
- Fred Carstensen, UConn.



Export Data Within 2 Months by:

- HS Codes, at the Two, Four and Six Digit Levels
- North American Industrial Classification System (NAICS) by Origin Port or State
- Bureau of Economic Analysis (BEA) or Census Region of Origin by Mode:
 - Container and
 - Non-Containers
- Similar HS Data on imports.

Historical Series

- At Least Ten Years Are Covered Whenever Definitions Have Remained Unchanged.
- For commodities Which Have Changed Definitions Over the Last Decade, Data Are Only Available from the Date of Revision.

Research Questions

- How Important Are Imports from China among HS6 Imports into Connecticut?
- Is There Sufficient Concentration of Chinese Imports to impact Prices?

Chinese Concentration in Connecticut Imports 2018

- \$1.4 Billion in Chinese Imports Occurred in 38 HS6 Codes in Which China Was Responsible for Over 50% of Imports Into Connecticut

Top 11 Connecticut Imports with Majority Chinese Origins

		All Annual 2018	Imports from China 2018	China % of HS6 Imports
940161	Seats with wooden frames, upholstered, Nesoi	161439692	85991182	53.3%
640399	Footwear, outer sole rubber etc. & leather upper Nesoi	142099536	111432683	78.4%
950300	Tricycle, scooter, pedal car & similar wheeled toys; etc.	110628408	87520834	79.1%
640391	Footwear, outer sole rubber etc. & up leather Nesoi, ankle covered	85303466	67916287	79.6%
420221	Handbags, surface of composition/patent leather	69531574	38457485	55.3%
940510	Chandelier ceiling/wall lighting fittings except public lighting	51480671	40516731	78.7%
830140	Locks except motor vehicle or furniture, base steal	51137245	43045207	84.2%
392620	Apparel articles & clothing access Nesoi, plastics	37066477	36384885	98.2%
640299	Footwear, outer sole & upper rubber or plastic Nesoi	35838716	30051651	83.9%
845811	Horizontal lathes for removing met numerical controlled	32406789	21204538	65.4%
640419	Footwear, outer sole rub or plastic & textile upper Nesoi	32246492	26729606	82.9%

Consolidated Grouping

Grouping	All Annual	Imports from China	China % of HS6 Imports
Footwear (top 4)	295,488,210	236,130,227	79.9%
Other footwear	38,501,494	32,953,926	85.6%
All footwear	333,989,704	269,084,153	80.6%
Furniture and parts thereof e.g. frames and seats	216,582,603	135,460,969	62.5%
Clothing other than footwear, textiles, and handbags	161,556,260	121,025,023	74.9%
Tricycle, scooter, pedal car & similar wheeled toys; etc.	110,628,408	87,520,834	79.1%
Communications electronics	111,863,857	88,072,798	78.7%
Consumer electronics	72,840,945	57,144,309	78.5%
Locks except motor vehicle or furniture, base metal	51,137,245	43,045,207	84.2%
Containers other than handbags	47,961,441	32,417,489	67.6%
Horizontal lathes for removing metal, numerically controlled	32,406,789	21,204,538	65.4%
Food items (apple juice and frozen cod filets)	26,387,018	23,355,979	88.5%
Tableware and kitchenware of plastics	17,229,293	15,907,288	92.3%
Mountings & similar art & parts for buildings, base metal	14,253,837	8,350,089	58.6%
Ozone, oxygen, etc. therapy, respiration apparatus, & parts	12,365,713	10,473,808	84.7%
Total	1,209,203,113	913,062,484	75.5%

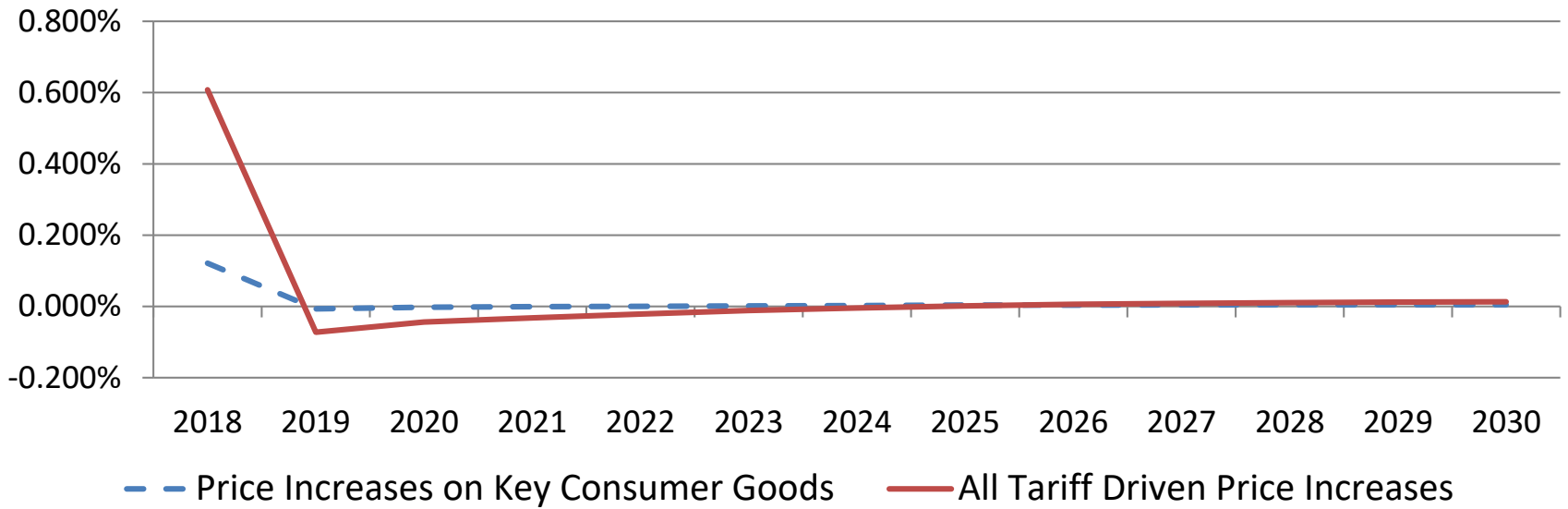
Mark-Ups?

- Assuming All Tariff Costs Are Passed Along to Consumers but with No Mark-ups Based on Tariff Enhancements, CCEA Expects Price Escalation from the Current 25% Tariff To Be Muted

Expected Price Impacts

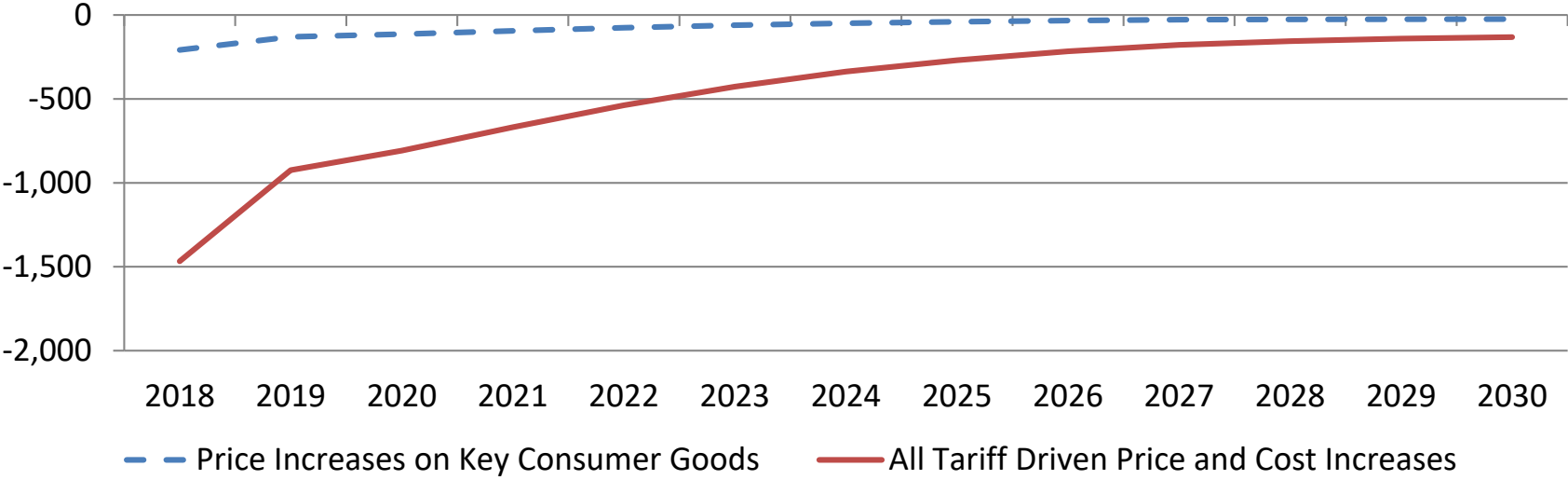
Industry NAICS	% Price Increase from 25% Tariff Relative to CT Value Added and Chinese Commodity Imports to CT by Industry	25% Tariff Expected Impact on Price and Inputs
Fab metals	0.37%	9.5%
Metal machinery manufacturing	0.34%	9.5%
Computer equip	0.71%	10.5%
Consumer elect	1.10%	10.9%
Other transportation	0.28%	10.4%
Food	0.63%	7.5%
Apparel	19.78%	24.2%
Plastics and rubber	1.99%	13.1%

Chart 1: CT Price Impacts (% in excess of Base Case)



Tariff Impacts on Prices are Small
Five Times Larger When Ad Valorem on All Inputs
Subsequent Price Reductions Do Not Cumulate Sufficiently to Overcome
the Original Price Hike

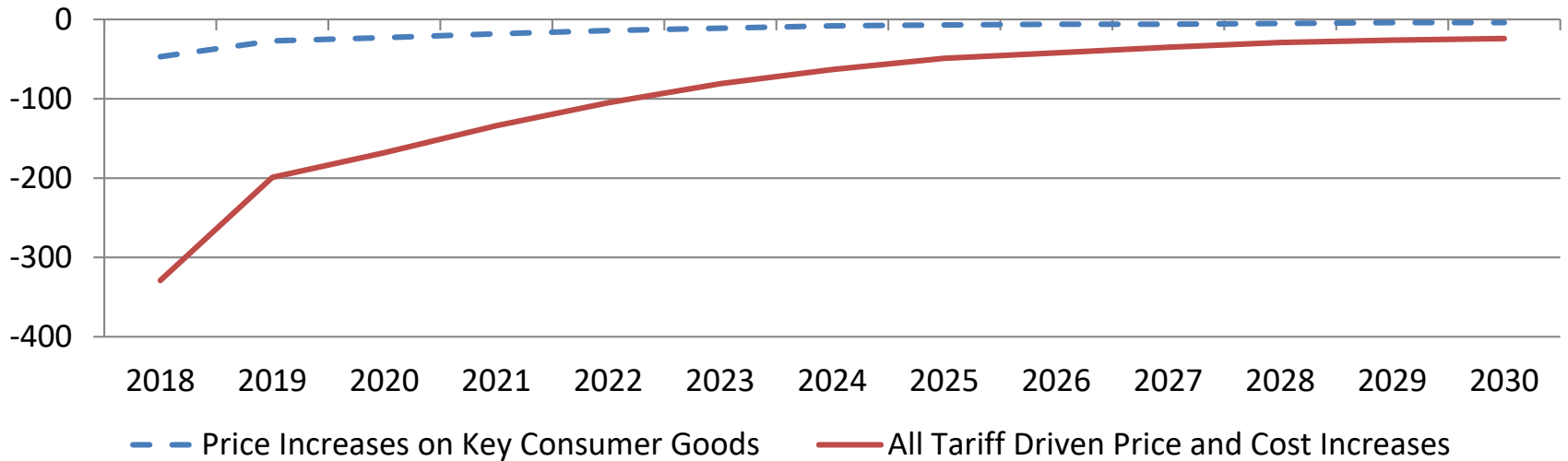
Chart 2: Impacts on CT DPI (Millions Current Dollars)



Seven Times the Adverse Impacts When Full Advantage Taken of Ad Valorem Tariffs on All Inputs

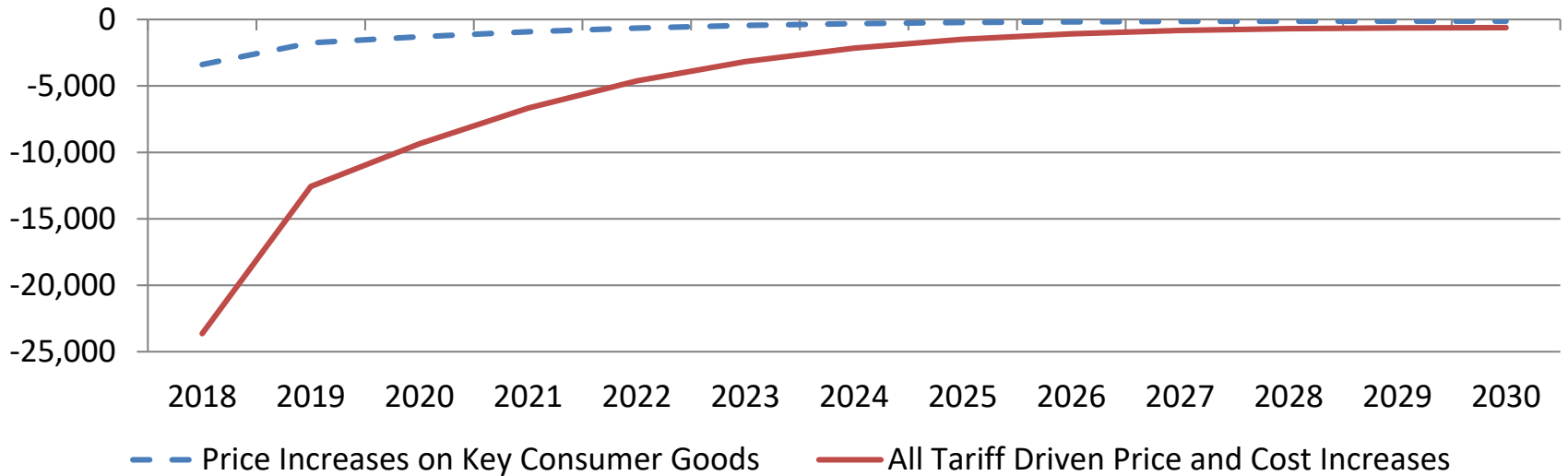
Subsequent Price Reductions Do Not Cumulate Sufficiently to Regain Base Levels

Chart 3: Impacts on CT Personal Income Taxes (Millions of Current Dollars)



About 23% of Income Tax Foregone from Tariffs in State Revenues
The Drop in Income Taxes from the imposition of Tariffs on Inputs Is not Offset
By Any Tariff Revenues as It May be for the Federal Government.

Chart 4: Impacts on CT Employment (# of Jobs)



Tariffs on Chinese Inputs Protect Not Only American Producers but Also Other Foreign Producers Entering U.S. Markets.
If Full Advantage is Taken of the Protection, They Cost Connecticut Jobs.

More Realistic: CCEA University of Connecticut

- Competition Will Prevent Prices on Inputs Rising by the Full Protection of the Tariffs.
- Domestic Suppliers Will Position Themselves To Be Beneficiaries of Protection
- Ran Another Scenario with Three Leading CT Industries Increasing Output by a Third of the CT Shortfall in Output
- Cut the Losses by About a Quarter