

## 5 U.S. industries hit hardest by Trump's latest China tariffs

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By Rachel Layne

More than \$100 billion of about \$300 billion in new U.S. tariffs on Chinese imports took effect this week, with the rest due to hit in December. By year's end, nearly every good imported from China will be taxed by the U.S. government — about \$550 billion worth of [total goods](#) — paid for by the companies in America that import them.

This [latest round of tariffs](#), which started September 1, is the first to directly cover many consumer goods, hitting middle-class staples like food, apparel, [footwear](#) and consumer electronics. How and when these import taxes will be felt isn't yet clear, although [more than 150 trade groups sent a letter](#) to President Donald Trump last week pleading for postponements in a last-ditch effort to halt them.

But U.S. companies already are cutting costs, putting off investments and paying extra to build up inventory to help cushion the impact of China tariffs. Some companies are postponing decisions like building factories, Deutsche Bank analysts said in a report last week. A recent Goldman Sachs survey found companies are "rerouting supply chains and relocating production to mitigate exposure to the trade war," moves that can take years to pull off.

Mr. Trump last Friday blamed "weak" companies in a [tweet](#) for any economic slowdowns tied to his tariffs. Here's a look at how five major sectors of the economy are faring:

### Retailers

At Best Buy, whose stock price is down almost 20% since tougher U.S. vs. China trade talk re-emerged in late July, the September 1 tariffs will impact televisions, smart watches and headphones, Best Buy CEO Corie Barry told Wall Street analysts on a recent call, according to a [transcript](#). Starting December 15, goods tied to computing, mobile phones and gaming consoles will be impacted, she said. Some 60% of Best Buy's total cost of goods sold comes from China. Many of Best Buy's vendors are moving manufacturing out, though it's hard to predict how consumers will react to higher prices, she said.

Best Buy is hardly alone. American Outdoor Brands, which owns the gun brand Smith & Wesson, this week told investors it would have met its quarterly financial forecasts excluding tariff impacts, according to a [transcript](#) of its analysts call.

And Dollar Tree raised second-quarter inventory levels roughly 15% in a scramble to import more goods from China ahead of the higher tariffs, according to a transcript of its analysts call. It [said](#) the newest rounds of import taxes will cost the company \$26 million.

## Food and agribusiness

In retaliation for some of the U.S. tariffs, China cut off imports of U.S. agricultural products like soybeans and corn, [straining](#) American farmers. That's led related agribusiness companies like Deere & Co. to announce it's cutting [production](#) by 20% in the second half of 2019, including large John Deere tractors made in Illinois and Iowa.

Other agricultural products like [lobster](#), [nuts](#) and [wine](#) have been hit by China's retaliatory tariffs, making the Chinese market friendlier to imports from competing countries like Canada. Del Monte Foods recently said [it's closing U.S. plants](#) and laying off hundreds of workers in part to cut higher costs, some of which are tied to tariffs.

## Manufacturers and suppliers

Industrial suppliers including [Rockwell Automation](#), [Johnson Controls](#), diesel motor maker [Cummins](#) and [United Technologies](#) all noted absorbing tariff costs and passing on some price increases tied to tariffs in the second quarter. Cummins is an especially interesting example because it's corporate headquarters is in Columbus, Indiana, the hometown of Vice President Mike Pence.

## Tech and telecom

Computer-chip supplier Intel [said](#) in its second-quarter conference call that it probably brought in more revenue as customers "pulled in" orders to the first half of the year from the second half because of concern prices would rise with new tariffs imposed.

And [Apple stock rose](#) once Mr. Trump delayed tariffs on goods it sells like mobile phones until December 15, after a planned September release of new iPhones. The longer term outlook, of course, depends on progress in any U.S.-China trade talks.

## Clothing and footwear

Some 92% of apparel sold in this country, as well as 68% of home textiles and 53% of footwear, were subject to higher tariffs that began September 1, [according](#) to the American Apparel and Footwear Association.

That's led department stores like [Macy's](#) and [J.C. Penney](#) to warn analysts on Wall Street and politicians in Washington, D.C., of higher clothing prices. The biggest retail chain, Walmart, reports it has been able to [absorb](#) the tariff costs so far, but warned of passing price increases to the consumer at hearings in Washington over the summer.

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