

## Jewelry Now Officially Part of Trump's Trade War

*August 7, 2019 by ROB BATES*

President Donald Trump's decision to impose 10% tariffs on \$300 billion of Chinese products on Sept. 1 will mean added costs for products used by U.S. jewelers.

The president's decision, announced last week via tweet, basically covers all remaining products imported by China that weren't covered in the first three rounds of tariffs.

Included on the list: diamonds; cultured and natural pearls; precious stones, including rubies, emeralds, and sapphires; synthetic precious stones, including diamonds; silver jewelry; gold necklaces and neck chains; religious jewelry; toy jewelry; and more.

Some jewelry items have already been tarified, including certain gift boxes, jeweler's balances, beads, and scrap.

The 10% import tax is due to hit on Sept. 1, but the administration has raised the possibility of possibly hiking it up to 25%.

According to the U.S. Census Bureau, China is a substantial importer of jewelry into U.S., importing \$2.09 billion in jewelry in 2018, around 15% of overall imports. China also shipped \$233 million in gem diamonds to the U.S. in 2018 and \$1.01 billion in gemstones.

Among the sectors that could be hit hard are lab-grown diamonds. Smaller synthetics are increasingly grown in China, though, like natural diamonds, many are cut in India and may escape tariffs that way.

Esther Fortunoff, president of Fortunoff Fine Jewelry, which has one store in Westbury, N.Y., and a website, says she's heard from her box vendors that the cost of their items will go up, possibly as much as 25%.

"Twenty-five percent is a lot," she says, "and in the consumer's mind, things like boxes and bags are part of doing business. They don't see that as what they are paying for, but it all goes into the retailer's costs."

She adds that with the price of gold also soaring, "I don't think we'll be able to pass the extra cost on. Jewelers will have to take the hit in their overall expenses."

Fortunoff is considering looking for new box vendors but says that will take a lot of time. Industry groups are also getting anxious.

Jewelers of America president and CEO David Bonaparte said via email that his group has shared its issues with lawmakers.

"If implemented, these latest proposed tariffs could hit jewelers more directly, and the ongoing trade war adds a level of uncertainty for both businesses and consumers," he added.

National Retail Federation (NRF) senior vice president of government relations David French said in a statement that his group is “disappointed the administration is doubling-down on a flawed tariff strategy that is already slowing U.S. economic growth, creating uncertainty and discouraging investment.

“These additional tariffs will only threaten U.S. jobs and raise costs for American families on everyday goods,” he continued. “The tariffs imposed over the past year haven’t worked, and there’s no evidence another tax increase on American businesses and consumers will yield new results.”

The ongoing trade war has led to a roller-coaster week on Wall Street, but President Trump said in a tweet today that the problem isn’t China, it’s the Federal Reserve, which needs to cut rates faster.

“We will WIN anyway,” he continued, “but it would be much easier if the Fed understood, which they don’t, that we are competing against other countries, all of whom want to do well at our expense!”

Even so, many feel the economy is looking a little more fragile now. Mark Zandi, chief economist at Moody’s Analytics, said the ongoing escalation has now raised the possibility of a recession next year to 55% from 40%.

A recent survey by Shopkick of 30,000 consumers found that 44% said they will shop less frequently in response to the tariffs. Nearly 40% said they have already seen prices increase, and 60% said they will adjust where they shop.

A lot depends on how long the conflict drags on. *The Wall Street Journal* reported this week that “Chinese President Xi Jinping can ill afford to make [trade] concessions, raising the likelihood of a protracted struggle between the world’s two biggest economies.”

However, the president thinks it’s only a matter of time before America comes out on top. Four months ago, he tweeted that the trade war will end “much faster than people think.”

## ANNEX—PROPOSED PRODUCT LIST—Continued

## SECTION 1

[All products that are classified in the 8-digit subheadings of the Harmonized Tariff Schedule of the United States (HTS) that are listed in Section 1 of this Annex are covered by the proposed action. The product descriptions that are contained in Section 1 of this Annex are provided for informational purposes only, and are not intended to delimit in any way the scope of the proposed action. Any questions regarding the scope of a particular HTS subheading should be referred to U.S. Customs and Border Protection. In the product descriptions, the abbreviation “nesoi” means “not elsewhere specified or included”.]

HTS subheading	Product description
7103.99.50 .....	Precious or semiprecious stones, nesoi, worked, whether or not graded, but n/strung (ex. ungraded temporarily strung), mtd. or set.
7104.10.00 .....	Piezo-electric quartz.
7104.20.00 .....	Synthetic or reconstructed precious or semiprecious stones, unworked or simply sawn or roughly shaped.
7104.90.10 .....	Synthetic or reconstructed precious or semiprecious stones, cut but not set & suitable for use in the manufacture of jewelry.
7104.90.50 .....	Synth.or reconstruct. precious or semiprecious stones, wkd, whether or not graded, but n/strung (ex.ungraded temp. strung), mtd./set,nesoi.
7113.11.10 .....	Silver rope, curb, etc. in continuous lengths, whether or not plated/clad with other precious metal, suitable for jewelry manufacture.
7113.11.20 .....	Silver articles of jewelry and parts thereof, nesoi, valued not over \$18 per dozen pieces or parts.
7113.11.50 .....	Silver articles of jewelry and parts thereof, nesoi, valued over \$18 per dozen pieces or parts.
7113.19.10 .....	Precious metal (o/than silver) rope, curb, etc. in continuous lengths, whether or not plated/clad precious metal, for jewelry manufacture.
7113.19.21 .....	Gold rope necklaces and neck chains.
7113.19.25 .....	Gold mixed link necklaces and neck chains.
7113.19.29 .....	Gold necklaces and neck chains (o/than of rope or mixed links).
7113.19.30 .....	Precious metal (o/than silver) clasps and parts thereof.
7113.19.50 .....	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal,nesoi.
7113.20.10 .....	Base metal clad w/precious metal, rope, curb & like articles in continuous lengths, suitable for use in jewelry manufacture.
7113.20.21 .....	Base metal clad w/gold rope necklaces and neck chains.
7113.20.25 .....	Base metal clad w/gold mixed link necklaces and neck chains.
7113.20.29 .....	Base metal clad w/gold necklaces and neck chains, nesoi.
7113.20.30 .....	Base metal clad w/precious metal clasps and parts thereof.
7113.20.50 .....	Base metal clad w/precious metal articles of jewelry and parts thereof, nesoi.
7116.10.10 .....	Natural pearl articles.
7116.10.25 .....	Cultured pearl articles.
7116.20.05 .....	Jewelry articles of precious or semiprecious stones, valued not over \$40 per piece.
7116.20.15 .....	Jewelry articles of precious or semiprecious stones, valued over \$40 per piece.
7116.20.30 .....	Semiprecious stones (except rock crystal), graded and strung temporarily for convenience of transport.
7116.20.35 .....	Semiprecious stone (except rock crystal) figurines.
7116.20.40 .....	Semiprecious stone (except rock crystal) articles (other than jewelry and figurines).
7116.20.50 .....	Precious stone articles,nesoi.
7117.11.00 .....	Cuff links and studs of base metal (whether or not plated w/precious metal).
7117.19.05 .....	Toy jewelry rope, curb, cable, chain, etc. of base metal (whether or not plated w/prec. metal), val. n/o 8 cents each.
7117.19.15 .....	Rope, curb, cable, chain, etc., of base metal (whether or n/plated w/prec. metal), val. n/over 33 cents/meter for jewelry mfr.
7117.19.20 .....	Rope, curb, cable, chain, etc., of base metal (whether or n/plated w/prec. metal), val. o/33 cents/meter, for jewelry mfr.
7117.19.30 .....	Religious articles of a devotional character, design. to be carried on the person, of base metal (whether or not plated with precious metal).
7117.19.60 .....	Toy jewelry (o/than rope, curb, cable, chain, etc.) of base metal, val. not over 8 cents each.
7117.19.90 .....	Imitation jewelry (o/than toy jewelry & rope, curb, cable, chain, etc.), of base metal (wheth. or n/plated w/prec.metal), nesoi.
7117.90.10 .....	Necklaces wholly of plastic shapes on a fiber string, valued not over 30 cents per dozen.
7117.90.20 .....	Rosaries and chaplets of a purely devotional character for personal use, of a material o/than prec. or base metals, nesoi.
7117.90.30 .....	Religious articles of a purely devotional character designed to be carried on the person, nesoi.
7117.90.45 .....	Toy jewelry (except pts.), other than necklaces of plastic shapes, not of base metal, n/o 20 cents/dozen pcs.
7117.90.55 .....	Imitation jewelry nesoi, not of base metal, n/o 20 cents/doz. pcs or pts.
7117.90.60 .....	Toy jewelry (except pts.), not of base metal, n/o 8 cents each.
7117.90.75 .....	Imitation jewelry of plastics, nesoi, over 20 cents/dozen pcs or pts.
7117.90.90 .....	Imitation jewelry not of base metal or plastics, nesoi, over 20 cents/dozen pcs or pts.
7118.10.00 .....	Coin (other than gold coin), not being legal tender.
7118.90.00 .....	Coins, nesoi.
7206.10.00 .....	Iron and nonalloy steel ingots.
7206.90.00 .....	Iron and nonalloy steel in primary forms (o/than ingots).
7207.11.00 .....	Iron or nonalloy steel semifinished products, w/less than 0.25% carbon, w/rect. cross sect.(incl. sq.), w/width less than twice thickness.
7207.12.00 .....	Iron or nonalloy steel semifinished products, w/less than 0.25% carbon, w/rect. cross sect. (exclud. sq.), nesoi.
7207.19.00 .....	Iron or nonalloy steel semifinished products, w/less than 0.25% carbon, o/than w/rect. cross section.
7207.20.00 .....	Iron or nonalloy steel semifinished products, w/0.25% or more of carbon.
7208.10.15 .....	Iron/nonalloy steel, width 600mm+, hot-rolled flat-rolled products, w/patterns in relief, in coils, pickled, not clad/plated/coated.
7208.10.30 .....	Iron/nonalloy steel,width 600mm+,hot-rolled flat-rolled product,in coil,w/pattern in relief,w/thick 4.75mm+,not pickld,not clad/plated/coatd.
7208.10.60 .....	Iron/nonalloy steel,width 600mm+,hot-rolled flat-rolled product,in coil,w/pattern in relief,w/thick <4.75mm,not pickld,not clad/plated/coatd.
7208.25.30 .....	Nonalloy hi-strength steel, width 600mm+, hot-rolled flat-rolled products, in coils, w/thick 4.75mm+, pickled, not clad/plated/coated.
7208.25.60 .....	Iron/nonalloy steel, width 600mm+, hot-rolled flat-rolled products, in coils, w/thick 4.7mm or more, pickled, not clad/plated/coated.

## 50 Percent of Americans Report They Will Change Their Shopping Habits Due To the Impending Tariffs

*40 percent report already noticing price increases*

**REDWOOD CITY, Calif. – August 04, 2019** – [Shopkick](#), the leading shopping rewards app, surveyed users to gain insight into consumer awareness and behavioral changes in light of the impending Trump Administration tariffs. In a survey of over 30,000 consumers, 60 percent say they will adjust the retailers at which they shop if the impending tariffs go into effect.

New rounds of tariffs being placed on imports from China will result in raised prices on consumer goods, [increases reaching a high of ten percent](#).

Of the 60 percent of consumers aware of the impending tariffs, nearly 40 percent report having already seen prices increasing on shelves. Thirty-eight percent of shoppers expect a household cost increase of up to \$500, and thirty percent anticipate an increase of over \$1,000.

Additional reported behavioral changes should the tariffs hit the U.S. include:

- Sixty percent plan to adjust retailers they frequent
- Forty-four percent plan to cut down on shopping
- Twenty-nine percent are stocking up on goods now
- Twenty-five percent will make the switch to American-made goods

Additionally, Shopkick found that awareness level differs by generation:

- Only 34 percent of Gen Z respondents are aware of tariffs, compared to 74 percent of Boomers
- Fifty percent of Millennials plan to cut down on spending compared to 38 percent of Boomers; the majority 62 percent of Boomers will seek alternative options to cut costs
- Forty percent of Millennials anticipate tariffs would cost their household up to \$500 annually while 31 percent of Gen Z estimated the same monetary impact

If the tariffs announced by the current administration are implemented, annualized consumer cost is likely to double. While the arrival and scope of the tariffs remain uncertain, it's clear that consumers are thinking ahead and plan to adjust their shopping habits and destinations, ushering in a new age of consumer shopping habits that American retailers will be forced to adapt to.

*Shopkick conducted a survey of 30,799 users to gain insights into consumer awareness and behavioral changes in light of the impending tariffs on imported goods into the U.S. The survey was conducted from June 28, 2019 to June 30, 2019.*

**About Shopkick, Inc.**

Shopkick, a Trax company, is the leading shopping rewards app, bringing moments of joy to everyday shopping - both on- and off-line. For brands and retailers, Shopkick provides high consumer engagement along the entire path to purchase. The company's unique pay for performance model has been proven to deliver high ROI, driving incremental traffic, product engagement, and sales. Some of its leading brand and retail partners include Auntie Anne's, Barilla, Brighton, Coty, eBay, GE, Kellogg's, LEGO, TJ Maxx and Unilever, among others.

Shopkick is available for free on iPhone from the App Store and for Android from Google Play. For more information, please visit [www.shopkick.com](http://www.shopkick.com).

## GEN Z

- **33.6%** have heard of the tariffs, while **66.4%** have not
- **64%** have noticed a rise in prices, **36%** have not
- **52%** will adjust their shopping habits, **48%** will not
- **43.7% will prepare to cut down on shopping, 29.3%** are stocking up on products now, **22.4%** are looking for American made alternatives
- **36%** have no idea how much tariffs will cost them, **31.2%** anticipate \$1-\$500, **16.9%** anticipate \$501-\$1,000, **6.1%** \$1,0001-\$1,500 anticipate, **5.1%** anticipate \$0, **4.6%** anticipate \$1,501+
- **61.9%** anticipate adjusting where they shop, **38.1** will not
- **53.7% are concerned about the price of food increasing, 20.5%** about shoes and apparel, **18.4%** about electronics, **7.5%** about auto
- **10.8%** live in California, **10.6%** in Texas, the rest hovered around **3%**
- **68.6%** of those surveyed are female, **23.8%** are male

## MILLENNIALS

- **49.7%** have heard of tariffs, while **50.3%** have not
- **43.9%** have noticed a rise in prices, **56.1%** have not
- **47.6%** will adjust their shopping habits, **52.4%** will not
- **49.9% will prepare to cut down on shopping, 30.6%** are stocking up on products now, **17.3%** are looking for American made alternatives
- **30.8%** have no idea how much tariffs will cost them, **39.5%** anticipate \$1-\$500, **17.8%** anticipate \$501-\$1,000, **5.8%** \$1,0001-\$1,500 anticipate, **2.4%** anticipate \$0, **3.6%** anticipate \$1,501+
- **60.5%** anticipate adjusting where they shop, **39.5** will not
- **59.6%** are concerned about the price of food increasing, **18.9%** about shoes and apparel, **14.8%** about electronics, **6.8%** about auto
- **9.3%** live in California, **9.6%** in Texas, Florida **8.7%**, the rest hovered around **3-4%**
- **83.7%** of those surveyed are female, **13%** are male

## GEN X

- **63.8%** have heard of the tariffs, while **36.2%** have not
- **40.3%** have noticed a rise in prices, **59.7%** have not
- **48.1%** will adjust their shopping habits, **51.9%** will not
- **45.6% will prepare to cut down on shopping, 28.4%** are stocking up on products now, **24.1%** are looking for American made alternatives
- **29.4%** have no idea how much tariffs will cost them, **37.7%** anticipate \$1-\$500, **19.3%** anticipate \$501-\$1,000, **6.1%** \$1,0001-\$1,500 anticipate, **5.1%** anticipate \$0, **4.6%** anticipate \$1,501+
- **61.9%** anticipate adjusting where they shop, **38.1** will not
- **53.7%** are concerned about the price of food increasing, **20.5%** about shoes and apparel, **18.4%** about electronics, **7.5%** about auto
- **10.8%** live in California, **10.6%** in Texas, the rest hovered around **3%**
- **68.6%** of those surveyed are female, **23.8%** are male

## **BOOMERS**

- **73.9%** have heard of the tariffs, while **26.1%** have not
- **40.2%** have noticed a rise in prices, **59.8%** have not
- **50.4%** will adjust their shopping habits, **49.6%** will not
- **38%** will prepare to cut down on shopping, **27.5%** are stocking up on products now, **32.5%** are looking for American made alternatives
- **29.6%** have no idea how much tariffs will cost them, **39%** anticipate \$1-\$500, **19.3%** anticipate \$501-\$1,000, **5.7%** \$1,0001-\$1,500 anticipate, **3.3%** anticipate \$0, **3.1%** anticipate \$1,501+
- 5.95% anticipate adjusting where they shop, **40.5** will not
- **58.3%** are concerned about the price of food increasing, **14.8%** about shoes and apparel, **17.2%** about electronics, **9.7%** about auto
- **7.3%** live in California, **8.1%** in Texas, the rest hovered around **3%**
- **86.5%** of those surveyed are female, **10%** are male