Sun-Sentinel



SunSentinel
# MONEY

# Businesses stuck with chaos amid trade war

## Some experts predict heightened probability of recession in Florida

By David Lyons
South Florida Sun Sentinel

From builders to importers to the seaports that transit goods, South Florida businesses are struggling to find ways to avoid becoming collateral casualties in the Trump administration's trade war against China.

Many say there is little they can do to shield their customers from unrelenting new levies on clothing, wine and beer, utensils and plumbing fixtures.

Some economists and business experts forecast a heightened probability of a recession in Florida unless the trade dispute is resolved soon. Instead of a deal, the Trump administration boosted tariffs on $200 billion worth of Chinese goods last week, a move that drew retaliatory measures from Beijing. Then, President Donald Trump announced plans to impose 25 percent tariffs on all inbound goods from China.

Although both governments left open a time window to reach a deal before higher tariffs hit their respective economies, some business operators fretted they are caught in a no man's land, where the uncertainty is creating indecision over whether or when to pass price hikes to their customers.

Jerry Parrish, an economist for the Florida Chamber of Commerce, predicts that the warfare has raised the probability of a recession in Florida over the next nine months from the high teens to more than 20 percent.

"A lot of businesses were caught off-guard by this latest ratchet up," Parrish said. "I don't think many of them expected the increase from 10 to 25 percent, with more coming." For small businesses, particularly those with 20 to 49 employees, the additional tariffs "could literally put them out of business," he said.

In Boca Raton, importers of Chinese-made restaurant supplies and bathroom furniture pleaded for an end to the escalation in tariffs between the world's two biggest economies.

In Fort Lauderdale, the president of a construction company worried that continued uncertainties about cutting a trade deal would fuel new cost increases for building projects that are already on the rise.

And at Broward County's Port Everglades, which contracted with a Chinese builder to make new gantry cranes that will allow the port to serve bigger ships, news arrived Tuesday that the behemoth cranes exempted from tariffs last year are again on a list of newly proposed U.S. tariffs on Chinese goods, possibly bumping up the cost by millions.

As was the case last summer when Trump fired his initial tariff salvo against China, few in

See TRADE, 3D

# TRADE

*Continued from* **Page 1D**

the business community could offer precise calculations of potential lost jobs and sales in South Florida and elsewhere in the state, where unemployment remains at record lows and many businesses across the economic spectrum are prospering.

South Florida customs and trade attorney Peter Quinter said it's unlikely his business clients can or will swallow the added costs of new tariffs.

"That cost has to be passed onto somebody, and that ends up being you and me," said Quinter, who leads the customs and international trade law group at Gray-Robinson in Miami.

"It's a lose-lose scenario when you're involved in any trade conflict," he said. "My clients are very concerned. They have to pass on these additional taxes to their customers."

J. Antonio Villamil, a longtime economist who heads the Washington Economics Group of Coral Gables, called the trade warfare "very short-sighted policy. The two largest economies in the world should work this out."

The irony is that many business operators and economists agree with the administration that China is a longtime practitioner of unfair trade that steals intellectual property and U.S. technologies.

"China is not a fair trader and it is important to point that out," Villamil said. But an economic slowdown is in the offing worldwide, he warned, citing a report by the International Monetary Fund. "And eventually this will hit us on this side."

## Facing uncertainty

The uncertainties of tariff warfare poses a dilemma for contractors who need to plan their projects so they are delivered on time and within budgets.

"There's no way to predict what will happen," said Peggy Marker, president of Marker Construction in Fort Lauderdale. "Trump has been very consistent in keeping everyone surprised."

Marker said local builders and their subcontractors were already dealing with increases in steel and concrete prices from last year's tariffs. "It obviously trickles down to the plumbers and electricians and all of them," she said.

"I don't know that it's passed along yet to the consumers, but I think it will be," she added. "Developers' costs have definitely gone up, there's no question about that."

Contractors have been defending themselves by ensuring their project portfolios are "not one-sided," said Peter Dyga, president and CEO of the Florida East Coast chapter of the Associated Builders and Contractors.

While the number of multi-family and condo projects have declined in South Florida, the commercial sector remains active.

Dyga called the trade war a "hiccup."

"None of this is catastrophic from my own perspective," he said. "People are obviously going to be looking for alternative sources to the extent we have them. It's a worldwide economy. China doesn't have a corner on the world trade market per se."

CARLINE JEAN/SUN SENTINEL

New gantry cranes made in China will join the ones shown at Port Everglades in Broward County, but they may become more expensive if a new round of tariffs is imposed by the U.S.

***"We have this window of uncertainty because there is a general feeling — and obviously no one has a crystal ball — that in the next 30 days the administration will work something out with China and might roll these duties back altogether."***

*Peter Horwitz, whose Tiger Packaging of Boca Raton sells disposable products to the food service industry*

## Importers bear burden

Importers such as Peter Horwitz, whose Tiger Packaging of Boca Raton sells disposable products to the food service industry, said his company is tied in knots trying to predict when — or if — the cups, lids, straws and utensils he imports from China will be hit with tariffs.

"We have this window of uncertainty because there is a general feeling — and obviously no one has a crystal ball — that in the next 30 days the administration will work something out with China and might roll these duties back altogether. On the one hand, there is a feeling we will have duties. But by the same token, they don't want to go out and increase the pricing if perhaps this doesn't happen."

Horwitz said he believes consumers, not China, will pay the price of higher tariffs.

"If it does go through there is no question the consumer is the one who is going to suffer," he said. "I know the Trump administration has been saying China has been paying for it. That is not true."

Robert Mayer, another Boca Raton importer whose company Deco Lav, supplies bathroom furniture and lavatories for the residential and hospitality markets, said he voted for Trump and understands his "America First" campaign. His company even has sold products to the Trump Organization.

But to implement tariffs against China "as quickly as he has had is idiotic," Mayer said.

"Big stores aren't going to take 25 percent price increases," he said. "What happens to the people who brought in a ton of inventory at 10 percent?"

"More businesses will go out of business now, especially in the manufacturing sector," Mayer said.