



The Bottom Line

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CHINA TARIFF EXCLUSIONS SET TO EXPIRE

Summary

Section 301 of the China tariff list 1 products, with a total import value of \$34 billion, were subject to an additional 25% tariff as of July 29, 2018. Product-specific exclusions to these tariffs were approved starting in December 2018. The exclusions, once published in the Federal Register, were retroactive to July 6, 2018, and valid for one year. All exclusion requests from List 1 have been reviewed as of October 3, 2019, and 726 HTS exclusions were granted.

Background

On May 28, 2018, President Trump announced his intention to levy punitive tariffs on products imported from China. This decision came as a response to China's unfair trade practices related to the forced transfer of American technology and intellectual property. The list of products containing industrially significant technologies was published on June 15 and contained both the final tranche 1 tariff numbers and proposed tranche 2 tariff numbers (included specifically to counter the "Made in China 2025" policy). Tranche 1 tariffs became effective July 6, 2018. On July 11, the Office of the U.S. Trade Representative published instructions in the Federal Register outlining the process for requesting exclusions for certain products. Exclusions would be considered for products not available for sale outside of China and not strategically important or related to the "Made in China 2025" initiative. All requests were to be submitted by October 9 and, if approved, exclusions would be valid for one year following publication in the Federal Register.

As of October 3, 2019, all requests received pursuant to List 1 products have been reviewed and either approved or denied.

Current Status

With negotiations between the United States and China still underway, and new tariffs scheduled to begin on December 15, no end to the punitive tariffs is in sight. The U.S. Trade Representative has decided to consider extending exclusions granted in December 2018 for up to twelve months. At this time, the USTR is not considering possible extensions of exclusions granted under any other product exclusion notice. Each extension will be evaluated on a case-by-case basis and will investigate whether, despite the additional duties, the product remains available only from China. As the exclusions are related to products, any importer may benefit from a published exclusion and any importer is welcome to submit comments on the proposed extension.

Impact

The comment period will be open from November 1-30. Instructions for submitting comments regarding approved exclusions have been [published by the USTR](#) this week. Anyone benefitting from a duty exclusion is encouraged to submit comments.

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