



Dear Valued Customer,

The U.S. continues to raise the stakes in the trade remedies it has been applying to products of Chinese origin. An additional 25 percent duty was in effect on July 6, 2018 for some products, with another list under consideration. On July 10, 2018 the U.S. Trade Representative (USTR) issued a [press release](#) that was followed by the July 17 [Federal Register notice](#) which details another list of 6,031 8-digit tariff lines on which it proposes to levy 10 percent additional duty. The new list includes many more industrial products, but also consumer goods such as food, tires, handbags and travel bags, televisions, and furniture. Comments on this list are due by August 17, hearings will be held August 20-23, and a decision on tariffs will be made sometime after August 30.

Effective July 6, 2018, an additional 25 percent rate of duty is assessed upon importation of certain products of Chinese origin, implemented under provisions of Section 301(b) of the Trade Act of 1974. Following hearings and comments regarding the first proposed list, on June 20, 2018 the Office of the U.S. Trade Representative (USTR) published a [Federal Register Notice](#) with two lists: 1) products that are immediately impacted effective July 6th; and 2) another list of proposed products. In its notice of action, the USTR provides an opportunity for companies to apply for an exclusion from the additional duties, noting the instructions for the application process will be forthcoming. Subsequently, on July 6, 2018 the USTR issued a press release regarding instructions for requesting a product exclusion. For the list of products against which the additional duty is proposed, the notice provides for a comment period and public hearing scheduled for July 24.

Customs entries will be made by reporting the additional Harmonized Tariff Schedule of the United States (HTSUS) 9903.88.01.

Applicable Duty Rates

The additional duty is applicable based on the country of manufacture, regardless of the country of export. The 25 percent tariff is in addition to the regular rate of duty, and in addition to any anti-dumping and/or countervailing duty assessed on the product. If the third list of products is implemented later this year, those will carry an additional 10 percent duty.

If a product is eligible for a trade preference program, those benefits may be claimed, however the Section 301 duties will be imposed.

Products that qualify for a provision in Chapter 98 are exempt from the Section 301 duty, although the applicable Chapter 99 number must be reported.

Section 301 duties are eligible for duty drawback.

HTS Numbers Impacted

For the products affected July 6, 2018, the list of 818 HTS codes at the 8-digit level are provided in Annex A and B of the June 20th Federal Register notice.

The proposed list of 284 HTS codes at the 8-digit level is provided in Annex C of the June 20th Federal Register notice. This is the list of products for which the comment period is currently open as the USTR considers whether or not to levy the 25 percent tariff in the future.

The propose list of 6,031 HTS codes at the 8-digit level is provided in the Federal Register notice scheduled for publication after July 10. The comment period is open as the USTR considers whether or not to levy the 10 percent additional duty in the future.

Foreign Trade Zones

Products admitted under 'domestic status' are exempt from the Section 301 duties.

Products entered on or after July 6, 2018 must be admitted as 'privileged foreign status', and are subject to the Section 301 duties upon entry for consumption.

Products entered as 'privileged foreign status' prior to July 6, 2018 are not subject to the Section 301 duties upon entry for consumption. Products existing in inventory entered as 'non-privileged foreign status' should be evaluated for a status change to 'privileged foreign status'.

Product Exclusions

On July 6, 2018 the USTR issued a [press release](#) providing information about how to apply for a product exclusion. The corresponding [Federal Register notice](#) was published July 11.

Important timeline:

- October 9, 2018 - deadline to request an exclusion
- Parties will have 14 days to respond to the request, indicating support or opposition to the exclusion request
- At the close of this 14-day period, parties will have 7 days to reply to the responses
- Then the USTR will determine whether or not approve the exclusion request
- If approved, exclusions will be effective for one year upon publication of the exclusion determination in the Federal Register, and will apply retroactively to July 6, 2018

Exclusions will be made on a product basis so a particular exclusion will apply to all imports of the product, regardless of whether the importer filed a request.

We appreciate your continued support as a valued customer and should you require further information or clarification, please contact your Schenker brokerage office.