



FedEx Regulatory Alerts & Updates

Regulatory Alert Update: U.S. Section 301 Tariff Actions Against China

November 29, 2018

BACKGROUND INFORMATION

In August 2017, the U.S. Trade Representative (USTR) commenced an investigation under Section 301 of the Trade Act of 1974 into the Chinese government's acts, policies and practices related to technology transfer, intellectual property and innovation.

On March 22, 2018, the USTR proposed an additional tariff on certain products of China, with an annual trade value commensurate with the harm believed to be caused to the U.S. economy.

WHAT HAS CHANGED?

Currently, there are three lists, or tranches, of tariffs that have been implemented by USTR and CBP since June 2018. The tariff rates range from 10%-25%.

When filing the customs entry for a shipment subject to the Section 301 tariffs, the customs broker will apply a Chapter 99 HTS number (9903.88.01) along with the corroborating Chapter 1-97 HTS number.

As per 19 CFR 143.21(a) and CBP's published Q&A guidance document, goods classified in Chapter 99 require formal entry if their value is greater than \$800. Remember, for shipments requiring formal entry:

1. The merchandise processing fee (MPF) will be assessed, and
2. The importer's tax ID number will be required for each applicable shipment.

Shipments valued below \$800 are not subject to the Section 301 tariffs, as per the CBP guidance document listed in the reference section below.

Date of Implementation: August 22, 2018

Action Required by FedEx External Customers

Be aware of the new tariffs and their implementation timeline. Know whether your commodities are affected.

Content Intended for FedEx Express Customers Only

References:

The USTR press release on the 301 tariffs:

<https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/june/ustr-issues-tariffs-chinese-products>

CBP's 25 page consolidated list of all affected HTS headings:

https://www.cbp.gov/sites/default/files/assets/documents/2018-Oct/Section301_HTSUS_Ref-Guide_Oct2-2018.pdf

Section 301 product list fact sheet:

<https://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2018/june/section-301-product-list-fact-sheet>

19 CFR 143.21(a):

https://www.govregs.com/regulations/title19_chapterI_part143_subpartC_section143.21

CBP's Q&A guidance document:

<https://www.cbp.gov/trade/programs-administration/entry-summary/section-301-trade-remedies/faqs>