



# FedEx Regulatory Alerts & Updates

## Regulatory Alert: China and the U.S. Tariff Actions April 2020

April 15, 2020

### BACKGROUND

In August of 2017, the U.S. Trade Representative (USTR) commenced an investigation of Chinese government trade policies and practices under Section 301 of the Trade Act of 1974. As a result of this investigation, there have been a series of four tranches, or lists, of tariffs implemented upon China-origin goods since summer 2018:

- The first list of tariffs was implemented on July 6, 2018, and impacts 818 Harmonized Tariff Schedule of the United States (HTSUS) subheadings at a rate of 25%.
- The second list of tariffs was implemented on August 23, 2018 and impacts 279 HTSUS subheadings at a rate of 25%.
- The third list of tariffs was implemented on September 24, 2018, and impacts 5,745 HTSUS subheadings at the initial rate of 10%. The tariff rate was increased to 25% effective May 10, 2019.
- The fourth list of tariffs was announced by the USTR on August 13, 2019, and implemented September 1, 2019 with the total impacted articles divided into two lists: 4A and 4B. List 4A was to become effective on September 1, 2019, and list 4B on December 15, 2019. The tariff rate on List 4A was reduced from 15% to 7.5% on February 14, 2020.

The USTR previously announced nine exclusion request notices between October 28, 2019, and March 12, 2020 totaling four HTS codes from List 1, 366 additional HTS codes from List 3 and 8 medical product HTS codes from List 4.

China and the U.S. signed their Phase One trade deal on January 15, 2020.

China's Ministry of Finance announced tariff reductions on specific U.S. goods effective February 14, 2020; some will fall from 10% to 5%, while others will drop from 5% to 2.5%.

### WHAT HAS CHANGED?

Below is an overview of various tariff actions that took place from March 15, 2020 through April 14, 2020.

March 20, 2020 - The Office of the U.S. Trade Representative (USTR) on March 20, 2020 issued a new set of 176 additional exclusion requests to the Section 301 duties levied on goods from China. This new set affects goods on List 3.

This is the **ELEVENTH set of List 3 items** to be granted exclusions. The prior exclusions for List 3 were:

1. Set 1 – August 7, 2019 (10 articles identified under 9903.88.13)

2. Set 2 – September 20, 2019 (38 articles identified under 9903.88.18)
3. Set 3 – October 28, 2019 (83 articles identified under 9903.88.33)
4. Set 4 – November 7, 2019 (36 articles identified under 9903.88.34)
5. Set 5 – November 29, 2019 (32 articles identified under 9903.88.35)
6. Set 6 – December 12, 2019 (44 articles identified under 9903.88.36)
7. Set 7 – December 31, 2019 (68 articles identified under 9903.88.37)
8. Set 8 – January 31, 2020 (119 articles identified under 9903.88.38)
9. Set 9 – February 20, 2020 (47 articles identified under 9903.88.40)
10. Set 10 – March 12, 2020 (5 articles identified under 9903.88.41)

These product exclusions for Set 11 of List 3 will also apply as of the September 24, 2018 effective date of the \$200 billion List 3 action and last until August 7, 2020. The assigned HTS code that applies to this round of exclusions is 9903.88.43.

March 25, 2020 - The U.S. Trade Representative issued an additional 12 medical supply product exclusions from the List 4 Section 301 tariffs on goods from China. The products covered by the exclusions include plastic coverings, plastic bags and wrist analytical apparatus.

This is the third exclusion action to List 4. This set of new exclusions will apply from September 1, 2019, the effective date of the \$300 billion action, and will extend for one year to September 1, 2020. The assigned HTS code that applies to this round of exclusions is 9903.88.44.

April 10, 2020 - The USTR published in the Federal Register eight List 1 items that were granted **exclusion extensions** to the Section 301 duties assessed on articles. These specific extension actions are effective for goods entered from July 6, 2018 (the original effective date of the \$34 billion action) until April 17, 2021.

Note that the original assigned HTS code of 9903.88.07 will still apply to these eight (8) exclusion extensions.

## **Q & A**

**Q1: Regarding the List 1 exclusion extensions cited in the April 10 USTR action, the original exclusion list has 31 specific items identified by USHTS codes. Does this extension action apply to all 31 of these items?**

A1: No. It is important that customers carefully review the specific items identified in the ANNEX section of the USTR April 10 action. There are eight specific items listed, and each one is clearly articulated by description and USHTS code.

**Q2: How can I determine if my commodity is on any of the four tranches listed above as well as updated product exclusion information?**

A2: There is a 301 Tariff determination tool at the USTR website that allows customers to determine if their product is under a specific 301 tariff action. The customer must provide the harmonized tariff up to the eighth digit; it is recommended the HTSUS be used for this. Once the proper HTSUS code is entered, hit SEARCH to obtain the results.

This USTR site also has individual web pages for each of the product exclusion actions taken on the four lists to date.

The 301 Tariff Process page can be found in the “How to Navigate the Section 301 Process” link below in the References section.

## **REFERENCES:**

The March 20, 2020 Federal Register Notice (FRN) citing the 176 additional exclusions to List 3: [https://ustr.gov/sites/default/files/enforcement/301Investigations/%24200 Billion Exclusions Granted March 20 2020.pdf](https://ustr.gov/sites/default/files/enforcement/301Investigations/%24200%20Billion%20Exclusions%20Granted%20March%202020.pdf)

The March 25, 2020 Federal Register Notice citing the 12 medical supply exclusions to List 4: [https://ustr.gov/sites/default/files/enforcement/301Investigations/%24300\\_Billion\\_Exclusions\\_Granted\\_March\\_25\\_2020.pdf](https://ustr.gov/sites/default/files/enforcement/301Investigations/%24300_Billion_Exclusions_Granted_March_25_2020.pdf)

The April 10, 2020 Federal Register Notice citing the eight exclusion extensions to List 1: [https://ustr.gov/sites/default/files/enforcement/301Investigations/Notice\\_of\\_Extensions\\_for\\_Exclusions\\_Expiring\\_April\\_18%2C\\_2020.pdf](https://ustr.gov/sites/default/files/enforcement/301Investigations/Notice_of_Extensions_for_Exclusions_Expiring_April_18%2C_2020.pdf)

USTR How to Navigate the Section 301 Process: <https://ustr.gov/issue-areas/enforcement/section-301-investigations/search>