



FedEx Regulatory Alerts & Updates

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

May 18, 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 has previously announced fourteen exclusion request notices between October 28, 2019 and April 10, 2020, totaling 8 HTS codes from List 1, 542 additional HTS codes from List 3, and 20 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; 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 April 15 through May 17, 2020.

April 22, 2020 - The Office of the U.S. Trade Representative (USTR) on April 22, 2020, issued a new set of 108 additional exclusion requests to the Section 301 duties levied on goods from China. This new set affects goods on List 3. The products covered by the exclusion action include chemicals, duffel bags, toddler beds and bicycles.

This is the twelfth set of List 3 items to be granted exclusions.

These product exclusions for Set 12 of List 3 will also apply as of the September 24, 2018 effective date of the \$200 billion List 3 action and lasts until August 7, 2020. The assigned HTS code that applies to this round of exclusions is **9903.88.45**.

May 8, 2020 - The Office of the U.S. Trade Representative (USTR) on May 8, 2020, issued a new set of 146 additional exclusion requests to the Section 301 duties levied on goods from China. This new set affects goods on List 3. The products covered by the exclusion action include chemicals, pigment pastes, machine tools and LEDs.

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

- Set 1 – August 7, 2019 (10 articles identified under 9903.88.13)
- Set 2 – September 20, 2019 (38 articles identified under 9903.88.18)
- Set 3 – October 28, 2019 (83 articles identified under 9903.88.33)
- Set 4 – November 7, 2019 (36 articles identified under 9903.88.34)
- Set 5 – November 29, 2019 (32 articles identified under 9903.88.35)
- Set 6 – December 12, 2019 (44 articles identified under 9903.88.36)
- Set 7 – December 31, 2019 (68 articles identified under 9903.88.37)
- Set 8 – January 31, 2020 (119 articles identified under 9903.88.38)
- Set 9 – February 20, 2020 (47 articles identified under 9903.88.40)
- Set 10 - March 12, 2020 (5 articles identified under 9903.88.41)
- Set 11 – March 26, 2020 (177 articles identified under 9903.88.43)
- Set 12 – April 22, 2020 (108 articles identified under 9903.88.45)

These product exclusions for Set 13 of List 3 will also apply as of the September 24, 2018 effective date of the \$200 billion List 3 action and lasts until August 7, 2020. The assigned HTS code that applies to this round of exclusions is **9903.88.46**.

May 11, 2020 - The U.S. Trade Representative has issued an additional 8 medical supply product exclusions from the List 4 Section 301 tariffs on goods from China. The products covered by the exclusion include plastic liners, plastic pill or tablet crushers, disposable plastic ID wristbands and wireless communications items.

This is the fourth 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 **9903.88.47**.

Q & A

Q1: How can I determine if my commodity is on any of the four tariff actions taken thus far as well as updated product exclusion information?

A1: There is a 301 Tariff determination tool at the USTR website which 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 webpages 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 April 22, 2020 Federal Register Notice (FRN) citing the 108 additional exclusions to List 3: [https://ustr.gov/sites/default/files/enforcement/301Investigations/%24200 Billion Exclusions Granted April 2020.pdf](https://ustr.gov/sites/default/files/enforcement/301Investigations/%24200%20Billion%20Exclusions%20Granted%20April%202020.pdf)

The May 8, 2020 Federal Register Notice citing the 146 additional exclusions to List 3:
https://ustr.gov/sites/default/files/enforcement/301Investigations/%24200_Billion_Exclusions_Granted_May.pdf

The May 11, 2020 Federal Register Notice citing the 8 exclusion extensions to List 4:
https://ustr.gov/sites/default/files/enforcement/301Investigations/%24300_Billion_Exclusions_Granted_May.pdf

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