



FedEx Regulatory Alerts & Updates

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

July 27, 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 14 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, 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 June 22, 2020 through July 24, 2020.

July 8, 2020 - The Office of the U.S. Trade Representative (USTR) issued a new set of 61 additional exclusion requests to the Section 301 duties levied on goods from China. This new set affects goods on List 4. Some of the products covered by the exclusion action include tapered earplugs, wallpaper, printed art and pictorial books, household sewing machines, stainless steel razors, acoustic guitars, and antique silverware.

This is the sixth exclusion action to List 4. The current tariff rate on the articles is 7.5%. This set of exclusions will apply from September 1, 2019, the effective date of the \$300 billion action, and will

extend through September 20, 2020. The assigned HTS code that applies to this round of exclusions is **9903.88.51**.

July 9, 2020 – The USTR issued another set of exclusion extensions for List 1. The exclusion extensions on the 12 items are effective from July 9, 2020 and valid through December 31, 2020. Some of the items included in this action are compressors for motor vehicle air conditioning equipment, various rotary switches, plastic pump parts, and certain weather station sets. The assigned HTS code that applies to the set of exclusion extensions is **9903.88.52**.

July 20, 2020 - The USTR issued a new set of 64 additional exclusion requests to the Section 301 duties levied on goods from China. This new set affects goods on List 4. Some of the products covered by the exclusion action include various lithium-ion batteries, various exercise machines, various bath robes, assorted baby clothing, and swim masks and snorkels.

This is the seventh exclusion action to List 4. The current tariff rate on the articles is 7.5%. This set of exclusions will apply from September 1, 2019, the effective date of the \$300 billion action, and will extend through September 20, 2020. The assigned HTS code that applies to this round of exclusions is **9903.88.53**.

Q & A

Q1: How can I determine if my commodity is on any of the 4 tariff actions taken thus far as well as updated product exclusion information? Consider re-wording to something like, “How can I determine if my commodity is included in any of the 4 tariff actions or find 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 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.

Q2: How can I initiate 301 tariff refunds on articles now granted exclusions; however, the shipments were imported in the past and if past duty and taxes were billed by FedEx Express?

A2: U.S. importers could very well have some may have prior import shipments that were cleared since September 2019 and DID have had the additional 301 tariff applied. For those shipments, the importer will need to know what entity cleared their shipment.

If FedEx Trade Networks Transport & Brokerage, Inc. (FTN) made the entry for the FXE shipment, customers will need to use the established duty and tax protest process to arrange for the Post Summary Correction (PSC) or to protest the liquidation of the entry. The reason for a refund would obviously be an active USTR product exclusion list, which the customer should site in their protest action.

The FedEx Duty Dispute team can be reached in two ways:

- Toll free 800.622.1147 (menu 5, then 1) or
- Email to dutytaxdisputes@fedex.com

If the shipment was imported under broker select option (BSO), the customer needs to coordinate the PSC or protest with the broker who cleared their shipment.

References:

The July 8, 2020 Federal Register Notice (FRN) citing the 61 additional exclusions to List 4:

https://ustr.gov/sites/default/files/enforcement/301Investigations/%24300_Billion_Exclusions_Granted_July.pdf

The July 9, 2020 Federal Register Notice (FRN) citing the 12 exclusion extensions:

https://ustr.gov/sites/default/files/enforcement/301Investigations/Notice_of_Extensions_for_Exclusions_July_2020.pdf

The July 20, 2020 Federal Register Notice citing the 64 exclusions to List 4:

https://ustr.gov/sites/default/files/enforcement/301Investigations/%24300_Billion_Exclusions_Granted_July_20_2020.pdf

USTR How to Navigate the Section 301 Process:

<https://ustr.gov/issue-areas/enforcement/section-301-investigations/search>