



# FedEx Regulatory Alerts & Updates

## **Regulatory Alert: China 301 Tariff and Miscellaneous Tariff Bill Update**

January 5, 2021

### **Background**

There are three tariff issues that are being impacted at the end of 2020:

- PPE articles which have China Tariff exclusions are extended until March 31, 2021
- All other China tariff exclusions end on December 31, 2020
- All MTB exclusions end January 1, 2021

All three of these tariff actions are addressed below.

### **What has changed?**

1. 301 CHINA TARIFF EXCLUSIONS EXTENDED FOR COVID-19 MEDICAL CARE PRODUCTS THROUGH March 31, 2021

The U.S. Trade Representative (USTR) has previously modified China 301 actions by excluding from additional duties certain medical-care products required to address the COVID-19 outbreak in 2020.

The USTR will extend exclusions on goods used to treat COVID-19 from the Section 301 tariffs on goods from China. This decision was based on the increased spread of COVID-19 and the efforts by the medical community to combat it. The USTR determined that continuing to assess additional duties on certain products subject to the action is no longer appropriate as doing so "could impact U.S. preparedness to address COVID-19."

The extended exclusions for COVID-19 purposes will now be filed under these four subheadings and U.S. Notes:

- 9903.88.62 - includes 24 articles under U.S. Note 20 (ooo) found in Annex A of the enforcement action
- 9903.88.63 - includes 10 articles under U.S. Note 20 (ppp) found in Annex B of the enforcement action
- 9903.88.64 - includes 35 articles under U.S. Note 20 (qqq) found in Annex C of the enforcement action
- 9903.88.65 - includes 30 articles under U.S. Note 20 (rrr) found in Annex D of the enforcement action

USTR also added some additional products to the original list of goods covered by the exclusions. These additional nineteen products are listed in a separate table found on Table B in Annex E of the USTR notice.

See the USTR notice in the References section for a full list of extended exclusions as well as a table showing each item when it was an original exclusion, the first extension, and this current extension.

2. NEARLY ALL REMAINING CHINA 301 TARIFF EXCLUSIONS FOR VARIOUS IMPORTED PRODUCTS END ON December 31, 2020

The vast majority of all other Section 301 exclusions are set to expire at the end of business on December 31, 2020 as the USTR has not added more extensions.

While all the remaining exclusions for Lists 2, 3, and 4A are set to expire on December 31, 2020, there are thirteen exclusions in List 1 that are set to expire in 2021, with the last exclusions for certain products covered by List 1 expiring on April 18, 2021.

This means U.S. importers will then pay the assigned 301 tariff of 25% or 7.5% on the designated articles of China origin. CBP will assess the specific trade remedy tariffs to the imported article in addition to any applicable usual (Column 1) duty rates.

3. THE MISCELLANEOUS TARIFF BILL ENDS ON JANUARY 1, 2021

The Miscellaneous Tariff Bill (MTB) is a law that temporarily reduces or suspends the import tariffs paid on particular products imported into the United States. The normal process is that U.S. companies importing the products request the duty reductions or suspensions by submitting a petition for each specific product.

All temporary duty suspensions for the MTB found under Harmonized Tariff Schedule heading 9902 are expected to expire on January 1, 2021. This means U.S. importers will then pay the applicable usual (Column 1) duty rate for the imported article.

See the MTB article in the References section for additional information.

## Q & A

**Q1: How long will these new exclusions for medical products be allowed by USTR?**

A1: The new exclusions will be in effect as of January 1 and expire March 31, 2021.

**Q2: Is a set list of these new exclusions for medical products available for public review and use?**

A2: The full list of the extended and new exclusions can be found at the USTR site provided in the Reference section.

**Q3: Could those China Tariff articles that have their exclusions ending on January 1, 2021 have those exclusions reextended by the new Administration?**

A3: It is doubtful any immediate actions would be taken by the new USTR on this issue. Nor has there been any indication to review the entire scope of 301 tariffs as a policy.

**Q4: What are the specific HTSUS codes of the thirteen articles that have their tariffs expire AFTER December 31, 2020?**

A4: There are two dates in 2021 where these specific items expire – March 25 and April 18. The March items are 9027.90.5650, 8607.21.1000, 8471.70.6000, 8431.49.9095, 8421.99.0040, 8421.22.0000, 8421.21.0000, and 8413.81.0040. The April items are 9030.33.3800, 8481.90.9040, 8479.90.9496, 8431.20.0000, and 8425.39.0100.

**Q5: When might the Miscellaneous Tariff Bill be renewed?**

A5: The MTB does not usually contain a retroactive provision. The past history of the MTB indicates the MTB will only apply from the time Congress enacts the law. It is unknown when the next Congress might bring a MTB to the floor for a vote.

**References:**

USTR 301 Enforcement COVID Extensions –

[https://ustr.gov/sites/default/files/enforcement/301Investigations/COVID\\_Extensions\\_December\\_2020.pdf](https://ustr.gov/sites/default/files/enforcement/301Investigations/COVID_Extensions_December_2020.pdf)

Trade.gov Miscellaneous Tariff Bill –

<https://www.trade.gov/feature-article/miscellaneous-tariff-bill>

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