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U.S. Allows Importers to Obtain Exclusions to Tariffs on Chinese Goods

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U.S. importers of Chinese goods and components should be aware that the United States Trade Representative (USTR) has posted instructions for seeking exclusions for imported Chinese goods from the 25% tariffs on Chinese imports. Those seeking exclusion for their Chinese imports should be aware of the October 9 deadline for exclusion requests, and of the need to demonstrate:

- that the specific product is only available from China,
- that the imposition of the additional import tariff will cause severe economic harm to the importer or “other U.S. interests,” and
- whether the product is of strategic importance or part of a Chinese government industrial program.

Requesters must also be able to specifically identify their products and provide annual quantities for their imports.

The Section 301 tariff on Chinese goods took effect on July 6 for over 800 categories of goods imported from China. The existing tariff (**List 1**) imposes an additional 25% duty on \$34 billion worth of imports. However, the USTR has also announced:

- A second list (**List 2**) proposing over 200 categories of goods, worth \$16 billion, subject to a 25% duty; and
- A third list (**List 3**) of over 6,000 categories of goods, worth \$200 billion, subject to a 10% duty.

The USTR’s second and third tariff lists have not yet gone into effect. Public comment on these lists will remain open until the end of July and mid-August, respectively.

For importers who intend to re-export Chinese goods as part of their business, U.S. Customs has advised that duty drawback will be possible in spite of the Section 301 tariffs, allowing a refund of duty paid on certain re-exported goods.

Please note that all three lists of goods under the Section 301 tariffs against Chinese goods are separate from the other tariffs imposed by the U.S. government this year, which include:

- Section 201 tariffs on washing machines and solar panels from certain countries; and
- Section 232 tariffs on steel and aluminum imports from most countries.

The U.S. government appears to be taking requests for exclusions under the various tariffs seriously, and has already granted some of the requests made under the Section 232 tariffs. Therefore, importers should consider making exclusion requests where they feel there is no domestic or third country alternative to the type of goods or materials imported from China.