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## new tariffs: trade war washing ashore?

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*MSK Client Alert*

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Yesterday, January 22, 2018, U.S. Trade Representative (USTR) Robert Lighthizer announced the imposition of safeguard tariffs on solar cells and modules. Much has been said in the general press about this case, but only now is the key point starting to register, and is something international traders immediately thought about - is President Trump starting a new trade war with China?

By way of a quick summary, after seeking relief through the antidumping and countervailing duty laws and not getting the desired market relief, Suniva, later joined by SolarWorld, invoked Section 201 of the Trade Act of 1974. The appropriate petition was brought, the International Trade Commission (ITC) conducted the required proceedings, found detrimental harm, and made recommendations to the President. While disagreement among the Commissioners was acknowledged, most favored an increase in duties, and President Trump agreed. Safeguard tariffs have been imposed for four years – the maximum length of time permitted – on a per year basis – 30%, 25%, 20% and 15%. The USTR announcement also states the first 2.5 gigawatts of imported cells are excluded from the safeguard tariff. A critical point here is these safeguards are being imposed on both the cells and the modules, regardless of where made, as would be expected from a global safeguard, but the solar cells are overwhelmingly made in China.

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