

ALERT

UPDATE: President Signs Memorandum Penalizing China IP Violations

March 22, 2018

Today, President Trump signed a Memorandum regarding the Section 301 investigation into China's IP practices. In response to the U.S. Trade Representative's (USTR) findings that the Chinese government's practices and policies related to technology transfer, IP, and innovation are unreasonable or discriminatory and burden or restrict U.S. commerce, the Memorandum instructs USTR to publish, within 15 days, a proposed list of products subject to additional tariffs. By value, these tariffs are expected to range from \$30 to \$60 billion annually, and focused on Chinese technology products. The Memorandum also instructs USTR to pursue a WTO case on China's discriminatory technology licensing practices. Further, the Memorandum directs the U.S. Department of the Treasury to propose restrictions on Chinese investments in sensitive U.S. technologies.

The President's actions are based on USTR's Section 301 investigation and findings, which are detailed in its report that was released today.

According to the White House fact sheet and the President's statements, tariffs of 25% are to be imposed on products in the aerospace, information and communication technology, and machinery sectors, and may also cover products on China's 2025 list, including:

- Advanced information technology;
- High-end numerical control machinery and robotics;
- Aerospace and aeronautics equipment;
- Maritime engineering equipment and high tech maritime vessel manufacturing;

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Practice Areas

International Trade

- Modern rail transportation equipment;
- Energy-saving and new energy vehicles and equipment;
- Electrical equipment;
- New materials;
- Agriculture machinery and equipment; and
- Biomedicine and high-performance medical devices.

USTR will provide for a public notice and comment period on its proposed product list prior to the imposition of tariffs. In addition, Treasury will have 60 days within which to consult with other agencies and make recommendations on Chinese investment restrictions to the President.