

ALERT

USTR Announces Chinese Goods Subject to 25 Percent Tariffs

U.S. WILL REVIEW ADDITIONAL GOODS, CHINESE INVESTMENT RESTRICTIONS

June 15, 2018

Today, June 15, 2018, the Office of the United States Trade Representative (USTR) announced Chinese products that will and may be subject to special duties stemming from the Section 301 investigation into China's IP practices. USTR has released two lists. List 1 covers 818 tariff lines that will be subjected to 25% duties starting on July 6, 2018. List 2 includes 284 tariff lines that will not yet be subject to the tariffs, but will undergo further review before a decision on duties is made.

USTR originally announced a proposed list of products to be subject to the 25% duties in April. *See Wiley Rein Alert.* That list included 1,333 tariff lines, covering products as diverse as retail-packaged medications and airplane seats. After receiving comments and holding a hearing, USTR issued List 1 today, which includes products from that original proposal.

USTR's List 2 covers products that were not included in the original proposal. For example, List 2 covers certain lubricating oils, numerous plastics, and machinery for hi-tech manufacturing operations, including semiconductors and semiconductor manufacturing machinery.

Notably, multiple tariff lines covered by the original proposal have been removed completely. In particular, USTR appears to have dropped its original proposal to apply tariffs to a number of pharmaceutical and medical goods, as well as certain steel/aluminum goods.

Authors

Alan H. Price

Partner

202.719.3375

aprice@wiley.law

Timothy C. Brightbill

Partner

202.719.3138

tbrightbill@wiley.law

Maureen E. Thorson

Partner

202.719.7272

mthorson@wiley.law

Nova J. Daly

Senior Public Policy Advisor

202.719.3282

ndaly@wiley.law

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In conjunction with the issuance of the new lists, U.S. Trade Representative Robert Lighthizer indicated that the Administration plans to announce new restrictions on Chinese investment in technology goods. Ambassador Lighthizer indicated that the restrictions will be announced within the next two weeks and will be focused on investment restrictions directed at Chinese industries involved in fields related to the Section 301 tariff lists, which are largely intellectual property-intensive. The restrictions will be based on national security considerations that extend beyond those assessed under reviews conducted by the Committee on Foreign Investment in the United States.

Wiley Rein is well placed to provide counsel and direction should your company choose to prepare comments for submission, as well as to engage the Administration and assist companies affected by the U.S. actions and any potential Chinese retaliation.