



US Proposes More Additional Duties on China Origin Goods

On 10 July 2018, the Office of the U.S. Trade Representative (USTR) released an official notice of the proposed modification to the investigation of China's trade practices under the authority of Section 301 of the Trade Act of 1974. The proposed modification would place an additional 10% *ad valorem* duty on potentially 6,031 products of Chinese origin equating to a trade value of USD 200 billion.

The USTR will hold a public hearing on these newly proposed tariffs the week of 20 August 2018, and will accept written requests to appear at the hearing until 27 July 2018, as well as written public comments until 17 August 2018. Comments may include requests for subheadings to either remain or be removed from the proposed list, and may address the amount of duty and/or the level of trade value to be affected. Post-hearing rebuttal comments must be filed by 30 August 2018.

These proposed duties represent a third wave in a series of actual and proposed tariffs pursued under Section 301 on Chinese origin goods. They would, by far, have the greatest and broadest impact on US importers of Chinese origin goods. The first wave of additional 25% *ad valorem* Section 301 duties that are currently impacting 818 products and USD 34 billion in trade value took effect on 6 July 2018. A second proposed wave of additional 25% *ad valorem* duties potentially impacting an additional 284 products and USD 16 billion in trade value is currently in a formal public comment period and may take effect after 31 July 2018. In addition to these measures under Section

301, imports of certain Chinese origin steel, aluminum, washing machine, and solar cell/module products and parts are also currently subject to additional duties that were implemented earlier this year under other provisions of US law.

In its published announcement, the USTR indicated that these latest proposed tariff measures are in response to China's failure to address the US's concerns with China's acts, policies, and practices involving technology transfer, intellectual property, and innovation, and instead levying retaliatory tariffs on USD 50 billion of trade value on US origin goods imported into China.

Deloitte's Global Trade Advisory (GTA) specialists are part of a global network of professionals who can provide specialized assistance to companies in global trade matters. Our professionals can help companies seeking to manage the impacts and potential impacts of recent and proposed trade measures with:

- Obtaining and analyzing import data to assess the potential impacts of recent trade measures;
- Examining supply chains and imported products to determine opportunities to manage increased costs due to the additional tariffs;
- Conducting strategic sourcing reviews to identify potential alternative sources of affected products;
- Scrutinizing the accuracy of tariff classifications;
- Considering tariff engineering opportunities;
- Seeking exclusions from tariffs or filing objections to tariff exclusion requests;
- Reviewing Incoterms[®] used in contracts to confirm responsibilities for customs duty payments; and
- Undertaking customs valuation planning to manage the impacts of the additional tariffs.

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