



US to impose additional tariffs of 25 percent on certain products of French origin

On 16 July 2020, the United States Trade Representative (USTR) published a notice in the *Federal Register* announcing that the US will impose supplemental tariffs of 25 percent on certain products of French origin in response to France's imposition of a three percent Digital Service Tax (DST) in 2019. These supplemental tariffs target imports of certain cosmetics, soaps, skin care products, and handbags with an estimated trade value of USD 1.3 billion per annum, and are set to go into effect on 6 January 2021 to allow 180 days for negotiations between the US and France and the possible resolution of the dispute between the countries in advance of the effective date.

The USTR's tariff action follows an investigation commenced by the USTR in July 2019 and a report published by the USTR on 2 December 2019. In its report, the USTR concluded that France's DST policy is "unreasonable or discriminatory," and the DST "burdens or restricts" US commerce. These conclusions provided the basis upon which the USTR has taken action under Section 301 of the Trade Act of 1974.

Products identified as subject to the supplemental tariffs include:

- Cosmetic and skin care products classified under HTSUS heading 3304 (excluding 3304.99.10);
- Soap and skin wash products classified under HTSUS heading 3401; and

- Handbag products classified under HTSUS subheadings 4202.21 and 4202.22 (excluding 4202.22.35)

How we can help

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- Obtaining and analyzing import data to assess the potential impacts of these trade measures;
- Examining supply chains and imported products to determine opportunities to manage potential increased costs due to the additional tariffs;
- Scrutinizing the accuracy of tariff classifications;
- Considering tariff engineering opportunities;
- 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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