



Global Trade Advisory Alert

Section 301 tariff update: List 4 announced, List 3 exclusions granted, proposed tariff rate increases, and exclusion filing procedures/updates

Additional Section 301 tariffs on USD 300 billion of China origin goods

On 20 August 2019, the US Trade Representative ("USTR") published a list of China-origin products with an import value of approximately \$300 billion that will be subject to additional tariffs of 15%, scheduled to go into effect in two tranches beginning 1 September 2019 for 3232 subheadings and 15 December 2019 for 549 subheadings.

Proposed Section 301 tariff increases on USD 250 billion of China origin goods

On 29 August 2019, the USTR proposed a modification to the current Section 301 tariffs that would increase the rate of duty applicable to certain China origin goods from

25 percent to 30 percent. The proposed change would take effect on 1 October 2019 and apply to Lists 1-3, which have an aggregate trade value of USD 250 billion. Interested persons may submit comments to the USTR regarding whether the proposed modifications are likely to obtain effective elimination of China's policies and practices and/or cause severe economic harm to US interests, including small-or medium-sized companies and consumers. Comments must be submitted electronically via www.regulations.gov with reference to docket number USTR_2019-0015 by 20 September 2019 to be considered.

List 3 exclusions published

The USTR [published](#) the first group of product exclusions from List 3 of the Section 301 tariffs. This list of exclusions covers 10 unique product descriptions that include, among others, steel pet cages, shopping carts, and inflatable boats. The new exclusions take effect retroactively from 24 September 2018 and will remain in effect until 7 August 2020.

Section 301 exclusion request updates

As of this writing, 24,243 unique Section 301 exclusion requests have been submitted by US importers, with the following results to date:

List 1: 10,823 exclusion requests were submitted, and the submission timeframe has closed. 2,813 requests have been approved and 6,877 have been denied (26% and 62%, respectively).

List 2: 2,928 exclusion requests were submitted, and the submission timeframe has closed. 292 requests have been approved and 1,484 have been denied (10% and 51%, respectively).

List 3: 10,492 exclusion requests have been submitted to date, and submissions are still being accepted until 30 September 2019. 15 requests have been approved and 94 have been denied (0.1% and 0.9%, respectively).

Collectively, there are 12,668 exclusion requests currently pending in the various stages of the review process for all three lists.

Filing procedures announced for List 2 and List 3 granted exclusions

In August, US Customs and Border Protection ("CBP") added the ability in the Automated Commercial Environment ("ACE") for importers to file entries covering items excluded from List 2 and List 3 of the Section 301 tariffs. Importers should inform their brokers to report the

applicable special chapter 99 number in addition to the specific tariff provision provided in chapters 1-97 applicable to the imported item, as summarized below:

- Subheading 9903.88.12 applies to products granted an exclusion under from List 2; and
- Subheading 9903.88.13 applies to products granted an exclusion under from List 3.

Importers of items impacted by the Section 301 tariff measures that have been retroactively excluded may file a post summary correction or protest, if the entry has already been liquidated, to obtain a refund of any duties owed.

Additional China tariffs on USD 75 billion US origin goods

On 23 August 2019, China published a list of US origin products with an import value of approximately \$75 billion that will be subject to additional tariffs of 5-10%. These supplemental tariffs are scheduled to go into effect in two tranches beginning 1 September 2019 for 1,717 subheadings and 15 December 2019 for 3,361 subheadings. Additionally, China will implement 5-25% duties on 211 subheadings impacting US origin automobiles and auto parts. China previously suspended the implementation of additional tariffs on US automobiles and auto parts on 1 January 2019.

Deloitte's Global Trade Advisory 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 the developments described above by:

- Preparing exclusion requests;
- Obtaining and analyzing import data to assess the potential impacts of the 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;
- 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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