

Global Trade News Alert

US Announces Three Trade Actions Targeting China

On March 22, 2018, based on the United States Trade Representative's (USTR) report entitled *Findings of the Investigation into China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation under Section 301 of the Trade Act of 1974* dated March 22, 2018, President Trump signed a new Presidential Memorandum instructing the USTR and the US Secretary of the Treasury to take the following three actions:

1. **Tariffs:** The USTR is to publish a proposed list of tariff increases on products of Chinese origin by April 6, 2018, and, following a period of notice and comment of at least 30 days, publish a final list of products and tariff increases.
2. **WTO dispute:** The USTR is to pursue dispute settlement in the World Trade Organization (WTO) targeting China's technology licensing practices. The USTR also is to report back to the President on progress by May 21, 2018.
3. **Investment restrictions:** The Secretary of the Treasury is to address concerns about investment in the US directed or facilitated by China in industries or technologies deemed important to the US. The Secretary also is to report back to the President on progress by May 21, 2018.

In August 2017, President Trump had directed the USTR to investigate China's acts, policies, and practices related to technology transfers under Section 301 of the Trade Act of 1974. Section 301 gives the USTR broad authority, subject to Presidential direction, to eliminate unfair trade practices or policies that burden US commerce.

The USTR's report references the impact on the US economy of China's Made in China 2025 Notice, which was released by the State Council in 2015 and outlined China's 10-year plan

for targeting 10 strategic advanced technology manufacturing industries for promotion and development, including:

1. advanced information technology;
2. robotics and automated machine tools;
3. aircraft and aircraft components;
4. maritime vessels and marine engineering equipment;
5. advanced rail equipment;
6. new energy vehicles;
7. electrical generation and transmission equipment;
8. agricultural machinery and equipment;
9. new materials; and
10. pharmaceuticals and advanced medical devices.

Based on a press reports on comments given by Administration officials with respect to the forthcoming tariffs, it is expected that they will affect imports of approximately 1,300 products and will target a large variety of products, including those produced by the 10 industries named in the Made in China 2025 Notice.

Deloitte's Global Trade Advisory (GTA) specialists are part of a global network of professionals who provide specialized assistance to companies in global trade matters. Our professionals can help companies identify how these actions against China may affect their business. Among the GTA services available to assist companies are:

- Assessments using Deloitte's Global Trade Radar data analytics tool to identify the impact of and find solutions to the proposed tariffs on your business;
- HTSUS classification reviews to assess the applicability of the proposed tariffs to your products;
- Customs valuation planning to minimize the impacts of the proposed tariffs; and
- Strategic sourcing reviews to identify alternative sources of the products that will be subject to the proposed tariffs.

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