



Client Advisory

6/15/18

Today the U.S. Treasury announced tariffs on Chinese products in response to unfair trade practices.

Washington, DC – The Office of the United States Trade Representative (USTR) today released a list of products imported from China that will be subject to additional tariffs as part of the U.S. response to China’s unfair trade practices related to the forced transfer of American technology and intellectual property.

On May 29, 2018, **President Trump** stated that USTR shall announce by June 15 the imposition of an additional duty of 25 percent on approximately \$50 billion worth of Chinese imports containing industrially significant technologies, including those related to China’s “Made in China 2025” industrial policy. Today’s action comes after an exhaustive **Section 301 investigation** in which USTR **found** that China’s acts, policies and practices related to technology transfer, intellectual property, and innovation are unreasonable and discriminatory, and burden U.S. commerce.

“We must take strong defensive actions to protect America’s leadership in technology and innovation against the unprecedented threat posed by China’s theft of our intellectual property, the forced transfer of American technology, and its cyberattacks on our computer networks,” said Ambassador Robert Lighthizer. “China’s government is aggressively working to undermine America’s high-tech industries and our economic leadership through unfair trade practices and industrial policies like ‘Made in China 2025.’ Technology and innovation are America’s greatest economic assets and President Trump rightfully recognizes that if we want our country to have a prosperous future, we must take a stand now to uphold fair trade and protect American competitiveness.”

The list of products issued today covers 1,102 separate U.S. tariff lines valued at approximately \$50 billion in 2018 trade values. This list was compiled based on extensive interagency analysis and a thorough examination of comments and testimony from interested parties. It generally focuses on products from industrial sectors that contribute to or benefit from the “Made in China 2025” industrial policy, which include industries such as aerospace, information and communications technology, robotics, industrial machinery, new materials, and automobiles. The list does not include goods commonly purchased by American consumers such as cellular telephones or televisions.

This list of products consists of two sets of U.S. tariff lines. The **first set** contains 818 lines of the original 1,333 lines that were included on the proposed list **published** on April 6. These lines cover approximately \$34 billion worth of imports from China. USTR has determined to impose an additional duty of 25 percent on these 818 product lines after having sought and received views from the public and advice from the appropriate trade advisory committees. Customs and Border Protection will begin to collect the additional duties on July 6, 2018.

The **second set** contains 284 proposed tariff lines identified by the interagency Section 301 Committee as benefiting from Chinese industrial policies, including the “Made in China 2025” industrial policy. These

284 lines, which cover approximately \$16 billion worth of imports from China, will undergo further review in a public notice and comment process, including a public hearing. After completion of this process, USTR will issue a final determination on the products from this list that would be subject to the additional duties.

USTR recognizes that some U.S. companies may have an interest in importing items from China that are covered by the additional duties. Accordingly, USTR will soon provide an opportunity for the public to request the exclusion of particular products from the additional duties subject to this action. USTR will issue a notice in the Federal Register with details regarding this process within the next few weeks.

These acts, policies and practices of China include those that coerce American companies into transferring their technology and intellectual property to domestic Chinese enterprises. They bolster China's stated intention of seizing economic dominance of certain advanced technology sectors as set forth in its industrial plans, such as "Made in China 2025."

<https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/june/ustr-issues-tariffs-chinese-products>

If you have any questions, please contact your JAS representative.

Sincerely

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