

PUBLICATION

President Trump Announces Section 301 Tariffs on China: What We Know So Far

March 22, 2018

On March 22, 2018, President Trump directed the Office of the U.S. Trade Representative to implement tariffs on approximately \$50 billion worth of Chinese products. The tariffs are a result of the USTR Section 301 investigation and determination regarding China's policies related to forced technology transfers and the theft of U.S. intellectual property.

Reports indicate that the USTR has already identified a potential list of 1,300 products eligible for new tariffs. A full proposed list of products subject to additional tariffs will be issued within 15 days from the announcement. The tariffs will target products in the strategic sectors of Xi Jinping's "Made in China 2025" plan – including robotics, aerospace, maritime, rail equipment, electric vehicles, telecommunication and biopharmaceutical products. According to the USTR Section 301 Fact Sheet, 25% ad valorem duties could be imposed, and USTR will propose additional tariffs against Chinese products with an annual trade value commensurate to the harm caused to the U.S. economy from China's unfair policies.

The proposed list will be issued in a Federal Register notice for public comment on the proposed tariff action. Comments will then be due 30 days from the list's publication. Following a review of the comments by USTR and the interagency Section 301 committee, the tariffs will then likely go into effect 60 days after the public comment process is complete and the final product list is published.

In addition, the President directed the USTR to confront China's technology licensing practices through a World Trade Organization (WTO) dispute. He also directed the Treasury Department to work with other federal agencies to further restrict Chinese investment practices involving the acquisition of sensitive technologies. We will provide further updates on the product list when it is issued, but for now, importers of Chinese goods, particularly in the above-mentioned industries, should prepare to review their inventories for which products may be affected by the announcement.