

## USTR Section 301 Investigation

<b>ISSUE TYPE</b>	Regulatory (Federal)
<b>AGENCY</b>	USTR
<b>STATUS</b>	Active/Tracking
<b>DIVISION IMPACT</b>	All
<b>KEY DATES</b>	<p><b>Aug. 18, 2017</b> – USTR begins Trade Act of 1974, Section 301 investigation</p> <p><b>April 6, 2018</b> – USTR requests comments on a list of 1,300 product lines, totaling \$34 billion, to be subject to a 25% tariff</p> <p><b>June 20, 2018</b> – USTR implements 25% tariff on product lines totaling \$34 billion; proposes 25% tariff on 818 new product lines, including containers, totaling \$16 billion</p> <p><b>July 17, 2018</b> – USTR requests comments on a 10% tariff on 6,000 additional product lines, including chassis, totaling \$200 billion</p> <p><b>Aug. 16, 2018</b> – USTR announces final \$16 billion list of product lines subject to 25% tariff, containers not included</p> <p><b>Sept. 18, 2018</b> – USTR publishes procedures to request exclusion of certain products from the 25% tariffs</p> <p><b>Oct. 4, 2018</b> – USTR announces final \$200 billion list of product lines subject to 10% tariff, chassis included</p> <p><b>May 10, 2019</b> – USTR increases tariff on \$200 billion list from 10% to 25%</p>
<b>MOST RECENT ACTION</b>	<b>May 17, 2019</b> – USTR requests comments on potential tariff on product lines totaling \$300 billion, containers included

### Summary

At the direction of President Trump, on Aug. 18, 2017 the U.S. Trade Representative (USTR) initiated an investigation under section 301 of the Trade Act of 1974 (Section 301) to determine whether to investigate China's laws, policies, practices, or actions that may be unreasonable or discriminatory and that may be harming American intellectual property rights, innovation, or technology development. USTR returned findings that China: uses foreign ownership restrictions to require or pressure technology transfers from U.S. companies to Chinese entities; imposes substantial restrictions on U.S. firms' investments and activities; directs and facilitates the systematic investment in, and acquisition of, U.S. companies and assets by Chinese companies to obtain cutting-edge technologies and intellectual property and to generate large-scale technology transfer in industries deemed important by Chinese government industrial plans; and conducts and supports unauthorized intrusions into, and theft from, the computer networks of U.S. companies.

As a result of these findings, the President asked USTR to, among other remedies, consider tariffs as a measure to address the acts, policies, and practices of China that are unreasonable or discriminatory and that burden or restrict U.S. commerce.

In April 2018, USTR proposed the imposition of an additional ad valorem duty of 25 percent on products from China classified in a list of approximately 1,300 tariff lines valued at an estimated \$50 billion. In response to this proposed list, USTR received 3,200 written comments and 121 witnesses provided testimony over the course of a three-day public hearing. Based on the review process, USTR removed 515 products from the initial list and determined that, beginning on July 6, 2018, of the 1,300 tariff lines originally under consideration, 818 tariff lines, totaling around \$34 billion in value, are subject to an additional ad valorem duty of 25 percent.

USTR also recommended adding a 25 percent tariff to 284 additional product lines in an effort to target products that benefit from China's industrial policies. Included among the newly-recommended 284 product lines was 8609.00.00, Containers (including containers for transport of fluids) specially designed and equipped for carriage by one or more modes of transport. On Aug. 16, 2018, USTR announced the second list of additional products worth approximately \$16 billion to be subject to a 25 percent tariff. Containers were not on the final list and therefore are not subject to the additional ad valorem duty.

In response to retaliatory tariffs imposed on U.S. goods by the Chinese government, the President directed

USTR to propose supplemental action. In July 2018, USTR issued a third list of over 6,000 tariff lines valued at an estimated \$200 billion to be subject to an additional 10 percent tariff and sought public comments. USTR also sought public comment on increasing the 10 percent tariff to 25 percent. Included in the list of items proposed to be subject to this action were trailers & semi-trailers, not mech. propelled, nesoi, for the transport of goods, a category that includes chassis. Pneumatic truck tires were also included on this list.

In Aug. 2018, USTR and the interagency Section 301 Committee held a series of hearings to listen to testimony from stakeholders regarding the proposed goods to be subject to additional tariffs. Following the conclusion of these hearings and the receipt of comments, USTR announced on Oct. 4, 2018 the finalized list of Chinese goods subject to the additional tariffs. The list contains 5,745 full or partial lines of the original 6,031 supplemental action tariff lines that were proposed in July. Chassis produced in China were included on the final list. The 10 percent tariff was implemented on Sept. 24, 2018.

While the tariff level was intended to be increased to 25 percent on Jan. 1, 2019, USTR postponed this increase twice, pending negotiations between President Trump and China's President Xi Jinping, before moving forward with the tariff increase on May 10, 2019.

After initiating the tariff increase, USTR published an additional proposed list of 3,805 full and partial tariff subheadings covering "essentially all products not currently covered by action in this investigation" on May 17, 2019. USTR requested comments on implementing ad valorem duties up to 25 percent on this list valued at approximately \$300 billion, including containers. Additionally, a hearing was scheduled for June 17, 2019 to hear public comments on this proposed action.

On Sept. 18, 2018, USTR published a notice in the federal register establishing a process that U.S. stakeholders can use to exempt particular products on the first two tariff lists from the additional duties. Since then, USTR has issued four exemption lists for the \$34 billion action and stated it will continue to review pending requests on an ongoing basis. In May 2019, USTR submitted a request to the Office of Management and Budget to initiate an exclusions process for products on the \$200 billion list. USTR indicated they expect to begin accepting these requests late-June, 2019.