

MEMORANDUM

From: Martin Hahn
Erika Ward

Date: July 6, 2018

Re: Impact of China's Proposed Retaliatory Tariffs on Food Products

On June 15, 2018, the Office of the United States Trade Representative (USTR) released a list of products imported from China that will be subject to additional tariffs as part of the United States response to China's alleged unfair trade practices related to technology and intellectual property. ^{1/} The tariffs will pose an additional duty of 25 percent on approximately \$50 billion worth of Chinese imports containing industrially significant technologies. The announcement follows a Section 301 investigation in which the USTR found that China's acts, policies and practices related to technology transfer, intellectual property, and innovation are unreasonable and discriminatory, and burden United States commerce. United States Customs and Border Protection will begin to collect the additional duties from China on July 6, 2018 on an initial list of products affecting \$36 billion in imports.

The list of Chinese products subject to additional tariffs consists of two sets, the second of which is still under review. Neither of these lists of imports contains food products. However, China has also released a list of retaliatory tariffs on United States goods, and this list *does* include multiple United States food products. The retaliatory tariffs will match the dollar value of the United States tariffs, affecting \$50 billion worth of hundreds of goods.

While review of the full list of products is recommended, the food categories on the list of retaliatory tariffs on the United States include:

- Various fresh and frozen beef, pork, poultry, turkey, duck, and goose products
- Various seafood products, including types of salmon, mackerel, carp, tilapia, squid, tuna, halibut, sardines, swordfish, trout, cod, shrimp, lobster, crab, oysters, scallops, and mussels
- Various dairy products including concentrated unsweetened milk and cream, solid milk and cream, non-solid milk and cream, yogurt, buttermilk, whey, butter, cream sauce, and various cheeses
- Various fresh, chilled, refrigerated, frozen, or dried vegetables
- Various fresh or dried fruit and nut products
- Various bean products, including yellow and black soybeans, green beans, red beans, kidney beans, and lentils
- Dog food and cat food
- Various wheat and rice products

^{1/} The USTR press release is available at <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/june/ustr-issues-tariffs-chinese-products>.

- Frozen orange juice, and non-frozen orange juice with Brix not exceeding 20
- Whiskey

The tariffs on these products are expected to go into effect when the United States tariffs are imposed on July 6, 2018. Similar to the United States, China is also planning to implement its second set of tariffs, which will be announced at a later date.

Note that these tariffs are preceded by retaliatory duties from Canada, Mexico, and the European Union, which are either set to be implemented or are already in place. The duties imposed by these countries also impact a wide range of food and agricultural products.

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We will continue to monitor the status of any retaliatory tariffs or duties on food products from the United States. Please let us know if you have any questions.