

White House announces US\$34 billion in new duties on Chinese imports effective 6 July – another US\$16 billion targeted for future duties. China expected to retaliate with reciprocal duties on U.S. goods.

15 June 2018

On 15 June 2018 the United States Trade Representative (USTR) [announced](#) the imposition of additional 25 percent tariffs (i.e., a 25 percent tax) on US\$34 billion in annual imports from China. The new duties will be effective 6 July 2018 and apply to 818 product lines ([List 1](#)) covering (but not limited to): certain medical devices, parts and components; certain isotopes; aircraft and parts; various machinery and mechanical appliances classified in chapter 84 of the Harmonized Tariff Schedules of the United States (HTSUS); certain electrical machinery classified in chapter 85 of the HTSUS; various construction and agricultural equipment; vehicles and parts; and optical fiber cables.

The announcement includes a second list ([List 2](#)) of proposed future duties on 248 Chinese product lines, representing an additional US\$16 billion in imports. List 2 covers (but is not limited to): certain lubricating oils; various petrochemicals; various other chemicals and polymers; certain glass rods; certain iron and steel structures; certain aluminum wire and connectors; certain machinery and mechanical appliances classified in Chapter 84 of the HTSUS; certain electrical machinery classified in Chapter 85 of the HTSUS; certain railway locomotives and equipment, tractors, and motorcycles.

This action follows on a USTR [report](#) and determination by the United States Trade Representative, Robert Lighthizer, at the direction of President Trump, that certain acts, policies, and practices of China are unreasonable or discriminatory and burden or restrict U.S. commerce under Section 301(b). These acts, policies and practices of China relate to transfer of technology and intellectual property to domestic Chinese enterprises. The U.S. Administration claims that these policies and practices bolster China's intention of seizing economic dominance of certain advanced technology sectors as set forth in its industrial plans, such as "Made in China 2025."

China Retaliation

China has announced that it intends to impose 25 percent retaliatory tariffs on imports of U.S. products and has released a [list](#) of the same, triggering a potential trade war that could affect

certain U.S. exports to China. An informal English translation of the list can be provided upon request. This follows on an earlier decision to impose 25 percent tariffs on 128 product lines in retaliation for the United States' imposition of tariffs on steel and aluminum under Section 232 of the Trade Expansion Act of 1962.

Comments on additions to the tariffs

USTR has announced a schedule for public comments on the proposed additional duties on products covered by List 2 and whether doing so will be practical or effective to obtain elimination of the Chinese practices at issue or would cause “disproportionate economic harm to U.S. interests, including small- or medium-sized businesses and consumers.” This procedure is limited solely to whether or not to include the items in List 2. USTR has indicated that it will not consider any additions to List 2 or removal of items from List 1.

- **29 June 2018:** Deadline for requests to appear at USTR public hearing
- **20 July 2018:** Deadline for written comments on List 2
- **24 July 2018:** USTR public hearing
- **31 July 2018:** Deadline for post-hearing written submissions

Requests for product exclusions

USTR has also stated that a notice is forthcoming outlining the procedure to be followed in considering exclusions from the retaliatory duties for products that are available only from China or where the tariffs would impose “severe economic harm to a U.S. interest.”

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Please do contact us if you would like assistance with assessing the potential impact of these tariffs on your businesses or with submitting comments. Hogan Lovells will be closely monitoring this matter in both the United States and China.

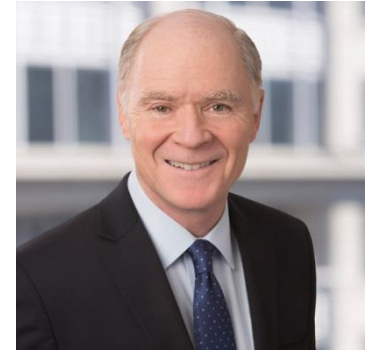
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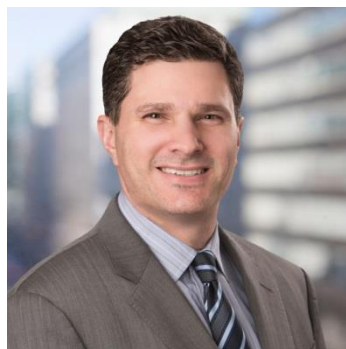
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