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USTR Announces Fourth Group of Chinese Products to Be Subject to Additional Tariffs as A Result of Section 301 Investigation; Schedule of Comments and Public Hearing Set

USTR on May 13, 2019 announced that it proposed to impose additional tariffs on products of China with an annual trade of approximately \$300 billion pursuant to a Section 301 investigation commenced in August 2017 regarding various Chinese intellectual property practices. This follows the imposition of additional tariffs on Chinese goods worth approximately \$250 billion in three tranches in July, August, and September 2018.

BACKGROUND

The United States and China have been engaged for several months in discussions to resolve the U.S. tariffs on Chinese goods, the Chinese tariffs imposed in retaliation, and the Chinese intellectual property practices that were the impetus for the Section 301 investigation. The May 13th notice states that China retreated from specific commitments made in previous negotiating rounds, that China has announced retaliatory measures, and that the United States and China intend to continue discussions.

PROCESS

The USTR notice is expected to be published in the Federal Register sometime this week. Consistent with previous actions, USTR will host a public hearing on the proposed action and interested parties will have the opportunity to file comments on the proposed action. The notice sets June 10, 2019 as the due date for requests to appear at the public hearing. The notice also sets June 17, 2019 as the due date for submission of written comments as well as the date of the public hearing. Submission of post-hearing rebuttal comments are due seven days after the last day of the public hearing (indicating that USTR expects that the public hearing will extend beyond a single day).

USTR requests comments on “any aspect of the proposed action” including the tariff subheadings to be subject to increased tariffs; whether



tariff subheadings should be retained, removed, or added; the level of tariff increase if any; the aggregate level of trade to be covered; whether imposing the additional tariffs on a particular product would be practicable or effective to eliminate China's policies; and whether imposing additional tariffs on a particular product would cause disproportionate economic harm to U.S. interests.

The notice does not identify an effective date for the proposed tariff increases.

PRODUCTS

USTR proposes to increase tariffs “up to 25 percent” on products of China covered in a list of 3,805 full and partial tariff headings with an approximate value of \$300 billion. The notice states that the proposed list “covers essentially all products not currently covered by this investigation” but notes that the list “excludes pharmaceuticals, certain pharmaceutical inputs, select medical goods, rare earth material, and critical minerals.”

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