

CLIENT ALERTS

President Trump Announces Plans to Follow Through With 25% Tariff Increase on \$200 Billion of Chinese Imports

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President Trump announced Sunday his plan to increase tariffs on over \$200 Billion worth of Chinese imports. These goods, referred to as being on List 3 of the Administration's Section 301 action against China, are currently covered by tariffs of 10%. The plan to increase these tariffs to 25% was previously announced by the White House and the implementation pushed back from January and March deadlines. The President also floated the possibility of extending a new 25% duty on another \$325 Billion of imports not already covered. A possible implementation date of Friday, May 10th was mentioned. See prior Client Alerts concerning Section 301: February 25, 2019, January 16, 2019, July 9, June 21, June 15, and April 4, 2018.

Unlike earlier tranches of Section 301 tariffs, where exclusion processes were in place and importers could petition to remove certain products based on certain criteria (e.g. if not produced in the U.S or unavailable in sufficient quantities), the List 3 items are not yet subject to an exclusion request. However, when announcing the possible increase to 25% the President indicated that if the tariffs were increased to 25% the Administration would put in place an exclusion process similar to those for earlier Section 301 tariffs. Congress also mandated such an exclusion process through appropriations legislation, but nothing has been announced about the implementation.

Reports indicate the new tariff will take effect later this week. The tariffs are reported to reflect the Trump Administration's dissatisfaction with the progress of ongoing Chinese trade negotiations. Chinese negotiators are set to visit Washington for further negotiations. Undoubtedly, President Trump intends on fulfilling his promise to raise these tariffs if a negotiated settlement is not reached. This position is likely designed, at least in part, to put pressure on the Chinese trade negotiations.

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Butzel Long continues to stay on top of these developing trade issues and has already been providing valuable insight and feedback for clients in a variety of industries faced with managing the impacts of the various Section 301 tariffs (and Section 232, among others).

As of the date of this client alert, no official Presidential Proclamation or Federal Register Notice has been issued.

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