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China Trade War Escalation Continues; New Retaliatory Tariffs Announced by China on \$75B US Agricultural and Automotive Goods; Trump Administration Punches Back with Additional 5% on Section 301 Lists 3 and 4 Chinese Imports

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Apparently angered by China's announcement of plans to impose tariffs on \$75 billion worth of U.S. goods in response to his recent imposition of additional "List 4" Section 301 tariffs on Chinese goods (including many consumer goods), President Trump on Friday (8/23/2019) tweeted his intention to increase by 5% the tariffs on both Lists 3 and List 4 products (approximately \$550 billion worth of Chinese imports).

The retaliatory tariffs - announced by China just before the much-anticipated Federal Reserve Board speech Friday morning - will take effect in two waves, mirroring the imposition of U.S. "List 4" tariffs on roughly \$270 billion worth of Chinese goods. Tariffs of 5 percent and 10 percent will be imposed on \$75 billion worth of U.S. goods on September 1, 2019, and cover roughly 5,078 products, according to CGTN, a Communist Party-controlled media outlet. China also announced its intention to restart on December 15, 2019, an additional 5 percent duty on U.S.-made vehicles and auto parts that it had previously suspended as part of the ongoing trade negotiations with the US. Additionally, Chinese officials, earlier this week indicated that they would soon publish a list of "unreliable entities" that is expected to place restrictions on some U.S. companies. The creation of the list was a response to the U.S. actions against Chinese telecom company Huawei.

The USTR will begin implementing the increase announced by President Trump for "list 3" goods (approximately \$250 billion worth of Chinese imports) from 25% to 30%, effective October 1, 2019, following a notice and comment period. For the "List 4" goods already subject to 10% tariffs that the President announced earlier this month, on approximately \$300 Billion of Chinese imports, the tariffs will now be 15%, effective on the

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already scheduled dates for tariff increases on these imports. A Federal Register notice with more details will be issued shortly. The previous tariffs on China have been discussed in Butzel Long client alerts: August 7, 2019, June 21, 2019.

The President has provided extensive comments on these most recent actions to the press and on Twitter. On Friday, he tweeted: "... Our great American companies are hereby ordered to immediately start looking for an alternative to China, including bringing your companies HOME and making your products in the USA." @realDonaldTrump, August 23, 2019; later citing as his legal authority for such action: the Emergency Economic Powers Act of 1977", see Donald Trump tweet.

Butzel Long attorneys have been counseling clients how to respond to both Chinese and US tariffs, including utilization of the exclusion process, seeking other countries where production can be moved in whole or part to change the country of origin, and tariff reclassifications.

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