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Proposed Section 301 Tariffs On Additional \$200B Goods Imported From China Increased From 10% to 25%; Deadline For Comments Extended

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In a surprising and possibly unprecedented action, U.S. Trade Representative (USTR) Robert Lighthizer announced late Wednesday, August 1st that the President directed him to consider an increase in the proposed Section 301 tariff originally announced on July 10th from 10% to 25%.

The list of an additional \$200 billion of goods that the Administration on July 11th directed the Trade Representative to evaluate for imposition of a 10% tariff was a response to China's efforts to retaliate against the original Section 301 list implemented by the President on July 6th imposing a 25% duty on a list of \$34 billion of products. The \$200 billion list of products includes a wide range of foods and other consumer products. Additionally, it covers: ores, mineral fuels, copper, nickel, aluminum, iron and steel products; glass; mineral fuels; chemicals; plastics; electronics; machinery; textiles; vehicles and vehicle parts. A discussion of the previous section 301 tariffs can be found in our Client Alerts dated July 11, July 9, June 15, and April 4.

The earlier Section 301 tariffs already in effect have impacted importers in many sectors of the economy and have met with widespread opposition. Of particular concern was the negative impact on U.S. agricultural interests, particularly soybeans. Soybeans and their oil are used in cooking oil and animal feed, and accounts for about 60% of the U.S. \$20 billion of agricultural exports to China. China is the world's biggest consumer of soybeans. Before the tariffs were announced, a study by the University of Tennessee forecast that a 25% duty imposed by China would result in a drop in American shipments of at least \$4.5 billion. (Read more on soybean impact [here](#).)

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The political consequences of potential losses to the U.S. soybean industry on the congressional midterm elections have made this a key issue and the new 25% figure for the proposed 301 tariffs is designed to increase the pressure on China to remove or reduce its own prior retaliatory tariff. The sudden increase in the tariff may be in response to the negative congressional response to the President's earlier proposal to provide direct subsidies to U.S. soybean producers that would have cost \$12 billion. (Read more on subsidies [here](#).)

The full text of the USTR announcement can be found by [clicking here](#).

Currently, hearings are scheduled on the new proposed list (sometimes referred to as List 3) for August 20th and initial comments due August 17th. Anticipating that the higher duties may draw more interest in the process, Ambassador Lighthizer did extend the deadline to request to testify from July 27th to August 13th and the deadline for final comments from August 30th to September 5th.

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