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Section 301 "List Three" Tariff Increase Delayed Again by President Trump

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After weeks of rumors that the tariff increase to 25% in the 3rd tranche of section 301 tariffs scheduled for March 2nd might be again postponed, President Donald Trump announced that the US would delay an increase of its tariffs on \$200 billion worth of Chinese goods. The announcement is expected to calm investor anxiety about the impact of the trade war on the global economy.

President Trump tweeted Sunday that talks to end the trade war with China had "made substantial progress" over the past four days, so the deadline for the tariffs would be extended to allow negotiators more time to reach a comprehensive trade deal. The United States Trade Representative's office is expected to issue a formal order delaying the rise in the List 3 tariffs this week. Although not officially reported, it is believed the new deadline would be May 1, 2019

"I am pleased to report that the U.S. has made substantial progress in our trade talks with China on important structural issues including intellectual property protection, technology transfer, agriculture, services, currency, and many other issues. As a result of these very productive talks, I will be delaying the U.S. increase in tariffs."

President Trump told reporters on Friday,

The tariffs were originally scheduled to increase from 10% to 25% on January 1, but an agreement between President Trump and Chinese President Xi Jinping initially delayed the deadline to March 1, Trump tweeted Sunday.

The President is expected to host Chinese President Xi Jinping next month at Mar-a-Lago to finalize an agreement that would end a nearly year-long trade war.

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"Ultimately, I think the biggest decisions and some even smaller decisions will be made by President Xi and myself," the president told reporters. "And we expect to have a meeting some point in the not-too-distant future. . . . And I think President Xi and I will work out the final points. Perhaps and perhaps not."

Trade officials participating in the negotiations have been preparing Memoranda of Understanding for six areas: agriculture; services; non-tariff barriers; intellectual property rights; forced technology transfer; and cybersecurity. Ongoing discussions are expected to wrestle with options for enforcement – the US is insisting on strong measures in light of China's past failures to live up to its promises and honor its commitments at the World Trade Organization.

Enforcement mechanisms reportedly under consideration include a variety of ongoing tariffs, such as "carousel" tariffs, i.e., tariffs that could be applied to changing products to maximize their impact. In any event, the latest developments do not indicate any near-term end to tariffs. "The agreement this time seems only to aim at no hikes of tariffs, rather than scrapping all existing ones, which means that the U.S. damage to the world economy and its own economy will continue," said Zhou Xiaoming, former Minister at the Chinese Embassy in Washington. "The trade war is still on, but just not getting worse."

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