

USTR Finalizes Third List of Products from China that Are Subject to Additional Duties and Exclusion Process for List 2

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Tuesday, September 18, 2018

Following a [directive](#) from the president, the United States Trade Representative (USTR) [announced](#) late on September 17 a finalized [third list](#) (List 3) of products from China that will be subject to additional retaliatory duties pursuant to USTR's Section 301 Report findings.

These retaliatory duties cover an estimated \$200 billion in imported Chinese products and entail 5,745 full and partial tariff line items. The subject products will be initially subject to a 10 percent tariff effective September 24, 2018, which will increase to 25 percent on January 1, 2019. The three-month window before escalating to a 25 percent tariff is intended to give U.S. businesses the opportunity to make necessary adjustments to ensure "alternative supplies."

It is interesting to note that List 3 consists of two parts. Part 1 includes products classified at the eight-digit level within the Harmonized Tariff Schedule of the United States (HTSUS) that will be subject to the full 10/25 percent tariff assessment described above. Part 2 removes from List 3 a subset of products within certain tariff

lines (e.g., at the 10-digit level).

Not surprisingly, China immediately countered that it will retaliate against President Trump's new round of tariffs by assessing tariffs on an additional \$60 billion in U.S. goods. If China retaliates in response to the new tariffs, President Trump has pledged to impose similar tariffs on another \$267 billion in Chinese goods.

It is unknown at this time whether the USTR will permit interested parties to submit one-year exclusion requests from this new round of tariffs. Thus far, the USTR has offered this relief mechanism to Chinese products that are covered on List 1 and List 2 of the Section 301 proceedings.

List 2 Exclusion Request

As a related development, on August 16, 2018, the USTR published [a formal notice](#) for Section 301 List 2 tariffs. These products involve approximately \$16 billion of Chinese goods, which, on August 23, 2018, became subject to a 25 percent tariff.

USTR [formally announced](#) on September 18 a procedure for interested parties to request that certain imported products on List 2 be excluded from the additional tariffs. The deadline for submitting exclusion requests for products on List 2 is **December 18, 2018**. As with the exclusion process for List 1, interested parties can formally comment on exclusion requests within 14 days of the date that the exclusion request is posted on www.regulations.gov. Any replies to the responses are due the later of seven days after the close of the 14-day response period, or seven days after the posting of a response.

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