



Navigating the Section 301 Tariffs

About Star USA

- Services include consulting and in & out sourcing in:
 - Import Compliance & Free Trade Agreements (HS Classification, NAFTA)
 - Export Control & Supply Chain Security (EAR, ITAR, CTPAT)
 - International Trade Management & Operations (Supply Chain, Logistics Process)
 - Education & Training train@starusa.org

Jo Harper



- jharper@starusa.org
- (419) 281-4782

Michael D. Easton



- mdeaston@starusa.org
- (419) 281-4778



Agenda

- ▀ Background
- ▀ Current status
- ▀ Potential outcomes
- ▀ Mitigation opportunities
- ▀ What not to do



1,2,3,4

We declare a trade war

Background on U.S. – China trade relations

What's in a trade war?

- Section 301 of Trade Act of 1974
 - Allows the president to take any action that relieves undue burden on commerce
 - WTO: taking action against a member country without approval from WTO is a violation
- ZTE; Huawei Technologies
 - Espionage/Iran sanctions violations
 - U.S. Government banned all exports; no gov't contracts
 - Bans lifted/reprieves granted
 - U.S. Government refused help to phone carriers who used Huawei devices
 - ZTE \$1bn penalties; replaced Board; installed U.S. Compliance Team

Goals

- Protect U.S. Intellectual Property
- Re-balance the import/export scales with China
- Improve domestic manufacturing opportunities
- Stop the sale of U.S. companies to China



301

The 411 on where we are now



The state of the tariffs

Tranche (List)	Import Value	Effective Date	Duty	Exclusions?	Types of Items
1	\$34 Billion	7/19/2018	25%	Many granted, exclusion window is closed.	818 tariff items, mainly machines, electronics, and processed items.
2	\$16 Billion	8/23/2018	25%	Many granted, exclusion window is closed.	279 tariff items, mainly plastics and machines/electronics not on List 1.
3	\$200 Billion	9/24/2018 5/10/2019	10% 25%	Exclusion window open until 9/30/2019.	5,767 tariff items ranging from live animals to buttons. Includes a lot of steel/aluminum.
4A	\$300 Billion	9/1/2019	15%	Not yet.	Everything else. 3,750 tariff items.
4B		12/15/2019	15%	Not yet.	

Taliations and Retaliations



Date	Value
Mar-2018	Steel/Aluminum
Jul-2018	\$34 Billion
Aug-2018	\$16 Billion
Sep-2018	\$200 Billion (10%)
May-2019	\$200 Billion (25%)
Sep-2019	~\$112 Billion

Date	Value
Apr-2018	Agriculture
Jul-2018	\$34 Billion
Aug-2018	\$16 Billion
Sep-2018	\$60 Billion (10%)
Jun-2019	\$60 Billion (25%)
Sep-2019	\$75 Billion



+5%

And other potentials



It's anyone's guess...

- Additional 5% duty on all lists effective ~~10/1/2019~~ 10/15/2019?
- Trade talks with China fix it all?
- December 2019
 - U.S. duties on additional \$288 Billion
 - China duties on remaining U.S. goods
- More currency manipulation?
- CBP additional verifications



> **\$**

Potential Methods

- Exclusion Request
- Drawback
- Foreign Trade Zone
- Tariff Engineering
- Entered Value Verification



DO NOT



- Change classification to save money or blindly comply with requests for changes
- Think minor processing is enough to change origin
- Cross-load and change origin on documents
- Engage in business with parties on controlled lists
- Stop reading up on scope rulings

THANK YOU

STAR USA 
International Trade Services