

USTR Begins Section 301 “List 3” Exclusion Process

July 1, 2019

Last June, pursuant to Section 301 of the Trade Act of 1974, President Trump announced the imposition of a tariff of 25 percent on certain imported goods from China (valued at \$34 billion) in response to China’s unfair intellectual property and market access practices. The Administration subsequently imposed tariffs on two more groups of Chinese imports – one valued at \$16 billion (effective August 23, 2018) and one valued at \$200 billion (effective September 24, 2018). These tariff tranches are generally referred to as Lists 1, 2, and 3, respectively.

Section 301 tariffs on List 3 originally went into effect in September 2018 at a level of 10%. On March 10, 2019, the List 3 tariffs increased to 25%. That increase triggered an [exclusion process](#), which opened June 30, 2019. The exclusion process, administered by the Office of the U.S. Trade Representative (“USTR”), will be similar to the exclusion request procedures implemented with respect to tariffs on List 1 and List 2 imports. Requests for a Section 301 tariff exclusion for a particular imported good from China may be submitted any time through September 30, 2019. Interested parties may object to the request within 14 days. The original requesting party may then submit a reply 7 days thereafter. USTR will evaluate each exclusion request based on several considerations, including whether the product is only available from China; whether a comparable product is available in the United States or from a third country; whether the party requesting the exclusion has tried to source the product from the United States or a third country; whether the imposition of the Section 301 tariff will cause “severe economic harm” to the party requesting the exclusion; and whether the product is strategically important to China.

On May 13, 2019, the Administration [announced](#) plans to impose Section 301 tariffs on the remaining Chinese imports, valued at \$300 billion (“List 4”). USTR held public hearings on the proposed list of covered goods in mid-June. On June 29, 2019, however, President Trump announced that, as the result of negotiations with President Xi Jinping of China, the imposition of tariffs on List 4 goods will be halted for now.