



THOMPSON
HINE

SmartPATH[®] A Smarter Way to Work

The U.S.-China Trade Dispute

Update
June 2018

David M. Schwartz
Mark Lunn
Samir D. Varma
Brent Connor
Scott E. Diamond

www.TrumpandTrade.com



Timeline of the U.S.-China Trade Dispute

April 2, 2018



China imposes tariffs on U.S. imports worth \$3 billion in direct response to the U.S. tariffs on steel and aluminum

April 3, 2018



U.S. proposes tariffs on \$50 billion in Chinese goods, targeting electronic products

April 4, 2018



China proposes imposing tariffs on \$50 billion in U.S. goods, including soybeans, cars and chemicals

April 6, 2018



After Trump calls for a new wave of tariffs targeting \$100 billion of Chinese goods, the USTR publishes a proposed list of 1,333 products to target



May 20, 2018

U.S. and China reportedly reach an agreement and put the tariffs on hold while they work out the details

June 15, 2018



Trump acts on his April threat and imposes tariffs on \$50 billion of Chinese goods: duties on \$34 billion of goods will take effect on July 6, while those on a separate list of products worth \$16 billion will apply at a later date

June 15, 2018



China retaliates with tariffs on \$50 billion of U.S. goods, targeting U.S. agricultural products and manufactured goods

June 18, 2018



Trump escalates the dispute by threatening to impose tariffs on an additional \$200 billion of Chinese goods if China continues to fight back

Previous actions

August 2017

January 2018

March 9, 2018

March 22, 2018

USTR launches a Section 301 investigation into the Chinese government due to the growing trade deficit with China and complaints from U.S. companies about IP theft

The U.S. announces a 30% tariff on imported solar panels and taxes on large residential washing machines starting at 30%. The U.S. relies heavily on imports of both from China

Trump imposes tariffs of 25% on steel imports and 10% on aluminum imports from all nations, including China; the tariffs go into effect on March 23

The Section 301 investigation finds that China is engaging in discriminatory trade practices related to technology transfer, intellectual property and innovation



The Section 301 U.S. Tariffs Announced on June 15 Will Target 1,102 Chinese Product Lines Valued at \$50 Billion

U.S. tariffs will apply to \$34 billion of Chinese products beginning on July 6



Automobiles

25%



Industrial machinery

25%



Electronic equipment

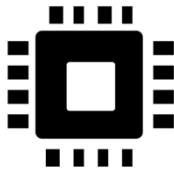
25%



Medical devices

25%

The U.S. plans to implement tariffs on an additional \$16 billion of Chinese goods at a later date



Semiconductors



Robotics



Plastics

Sources: "USTR Issues Tariffs on Chinese Products in Response to Unfair Trade Practices," USTR, June 15, 2018; Bob Davis, "China Issues Retaliatory Tariffs as Trade Fight heats Up," The Wall Street Journal, June 15, 2018.; US business leaders warn on impact of Trump tariffs," Financial Times, June 18, 2018.



China Has Retaliated Against the Section 301 Tariffs, With Duties On \$50 Billion of U.S. Goods

Tariffs from China would affect about \$34 billion of U.S. products beginning on July 6



Soybeans

25%



Meat

25%



Seafood

25%



Electric vehicles

25%

China plans to implement tariffs on an additional \$16 billion of U.S. goods at a later date



Crude oil



Coal



Chemicals



Medical devices

Sources: "USTR Issues Tariffs on Chinese Products in Response to Unfair Trade Practices," USTR, June 15, 2018; Bob Davis, "China Issues Retaliatory Tariffs as Trade Fight heats Up," The Wall Street Journal, June 15, 2018.; US business leaders warn on impact of Trump tariffs," Financial Times, June 18, 2018.



Round 2 of Section 301 Tariffs Against China

- **June 15, 2018** – USTR announces modified list of products covered under HTSUS codes and imported from China that will be subject to an additional ad valorem duty of 25% beginning on July 6, 2018.
- USTR also releases a second list of additional HTSUS codes for products from China for possible tariff action totaling approximately \$16 billion.
 - **July 23, 2018** – due date for submission of written comments in support of or against the proposed additional duties on the products identified by USTR.
 - **July 24, 2018** – USTR holds public hearing to consider these additional products for tariffs.
 - **July 31, 2018** – due date for submission of any post-hearing rebuttal comments.



Our Trump and Trade Team



David M. Schwartz
Partner;
International Trade
Practice Group
Leader
David.Schwartz@ThompsonHine.com
202.263.4170



Mark Lunn
Partner
Mark.Lunn@ThompsonHine.com
202.263.4115



Samir D. Varma
Partner
Samir.Varma@ThompsonHine.com
202.263.4136



Brent Connor
Senior Counsel
Brent.Connor@ThompsonHine.com
202.263.4188



Scott E. Diamond
Senior Legislative & Regulatory Policy
Advisor
Scott.Diamond@ThompsonHine.com
202.263.4197