

ISSUE BRIEF | China and the U.S. continue to increase tariffs as trade negotiations prove unsuccessful

September 3, 2019

What is the latest news on the Section 301 Chinese import tariffs?

On Aug. 23, China announced plans to increase import duties on more than 5,000 U.S. products by an additional 5 to 10 percent, in two waves effective Sept. 1 and Dec. 15. In response, President Trump announced plans to increase pending tariffs on List 4 from 10 to 15 percent. Items on [List 4](#) have been separated into List 4A, effective Sept. 1 and List 4B, effective Dec. 15.

These actions follow trade negotiations between the U.S. and China that concluded July 31 without significant progress. Since then, China has allowed its currency to weaken against the dollar, making its exports more affordable despite U.S. tariffs. Negotiations are expected to continue in September.

Has NAFEM been able to secure any relief from the Section 301 tariffs for its members?

Through its [comments](#) submitted to and [testimony](#) before the [U.S. Trade Representative](#) (USTR), NAFEM has successfully secured 41 product exclusions from [List 2](#) and [List 3](#) of the Section 301 25-percent tariffs on items imported from China. Items excluded from the tariffs include air purifiers powered by compressed air; hand-cleaning/sanitizing dispensers; control boards for stoves, ranges and ovens; some thermometers; some iron and steel parts; and a variety of other items. Earlier, NAFEM secured the removal of multiple component and finished goods from [List 1](#).

In its testimony and written comments, NAFEM shared that certain components imported from China are not readily available from other sources and are essential to produce U.S.-manufactured equipment and supplies. NAFEM also shared that some items are shop tools or finished goods manufactured in China for the U.S. marketplace and should not be subject to tariffs.

The complete list of List 1 and 2 exclusions secured by NAFEM is available [here](#). Specifically, the USTR recently announced the final items on [List 4](#) subject to 10-percent tariffs have been separated into List 4A, effective Sept. 1, and List 4B, effective Dec. 15.

Additionally, the USTR also has announced an [exclusion process](#) for items on List 3 which includes about 6,000 items subject to 25 percent import tariffs. The USTR created a new [online portal](#) for exclusion requests, which must be submitted before Sept. 30.

How do members apply for exclusions?

The USTR created a new [online portal](#) for [exclusion process](#) for items on [List 3](#) that includes about 6,000 items subject to 25 percent import tariffs. Requests must be submitted before Sept. 30. Successful exclusions will be retroactive to Sept. 24, 2018.

Why has this action taken place?

The administration is seeking to reduce the U.S. trade imbalance with China and protect America's intellectual property rights.

What is NAFEM's position?

On behalf of the organization, NAFEM President Joe Carlson, CFSP, president, Lakeside Manufacturing, Inc., Milwaukee, Wis., issued the following statement:

Our world has become too small and supply chains too complex to think that tariffs are the only acceptable solution to solving differences. Tariffs are taxes paid directly and indirectly by U.S. consumers, not foreign companies or governments. They reduce the profits of U.S. companies, hurt good-paying local manufacturing jobs, and unnecessarily increase costs by raising prices for products used by American families. None of these situations help grow a strong, U.S. economy.

What is NAFEM doing to address this issue?

NAFEM continues to urge the administration to quickly work toward a solution that does not include tariffs that ultimately hurt companies, manufacturing workers and consumers across North America.

What should my company be doing to address this issue?

Share your concerns. Elected officials need to hear from NAFEM members impacted by tariffs. At a recent meeting with NAFEM members, Senator Ron Johnson (D-Wis.) shared that the administration believes in using tariffs as leverage to “shake up the system.” He advised that U.S. businesses “speak with a unified voice to emphasize that free and open trade is good for consumers.” Find your Congressional representatives and their contact information [here](#).

Who should I contact with questions?

For questions on this topic, please contact [Charlie Souhrada](#), CFSP, NAFEM’s vice president, regulatory & technical affairs, or visit the [Advocacy](#) page of www.nafem.org.