



Tariffs and What it Means for Your Industry

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Presenters



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Tariff Background

Round 1

- Initial \$34 Billion Trade Action
 - USTR Tariffs Published:
 - **June 15, 2018:** USTR finalizes first set of Chinese imported products (818) at tariff rate of 25%
 - Effective Date:
 - **July 6, 2018**
 - Requests for product exclusions due:
 - **October 9, 2018:** Any exclusion will be effective starting from the July 6, 2018 effective date of the additional duties, and extending for one year after the publication of the exclusion determination in the Federal Register.

Round 2

- Additional \$16 Billion Trade Action
 - USTR Tariffs Published:
 - **August 8, 2017:** USTR finalizes second set of Chinese imported products (284) at a tariff rate of 25%
 - Effective Date:
 - **August 23, 2018**
 - Requests for product exclusion due:
 - **December 18, 2018:** Any exclusion will be effective starting from the August 23, 2018 effective date of the additional duties, and extending for one year after the publication of the exclusion determination in the Federal Register.

Round 3

- Additional \$200 Billion Trade Action
 - USTR Tariffs Published:
 - **September 17, 2018:** USTR released a third set of Chinese imported products (6,000+) at a rate of 10%. The tariff rate will increase to 25% next year.
 - Effective Date:
 - **September 24, 2018**
 - Requests for product exclusion due:
 - **TBD**

Steps to Achieving Exclusion from Tariffs

Step 1: Fill out and submit 301 Exclusion Form, this includes submitting exclusion information to Customs and Border Patrol. 301 Exclusion Form instructions outlined on slides (5-7).

Step 2: Reach out to local Representative and schedule a meeting to voice your concern. USTR will evaluate each request on a case-by-case basis and will periodically announce decisions on pending requests, therefore it is pertinent you contact your local Representative to incite action on their part.

Step 3: Submit a letter to your local Representative. Sample letter and talking points outlined in slide (8-9).

Step 4: Follow up with APSP if you have received no feedback from the first three steps. APSP will be able to help on a case by case basis.

Section 301 Investigation: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation - Form to Request Exclusion of Product

When submitting a product exclusion request using this form, enter the specified information in the following fields and explain the basis and rationale for your statements. By completing this form, you certify that the information provided is complete and correct to the best of your knowledge.

1. Indicate whether the comment contains business confidential information (BCI), is a public document, or is a public version of a BCI document.

2. Please provide a complete and detailed description of the particular product of concern:

3. 10-digit HTSUS item number* for product you wish to address in this product exclusion request:

*Use numerical characters only with no special characters (example: 1023456789). For help in finding the HTSUS item number associated with your product, see <https://hts.usitc.gov/>

4. Requestor Information

Requestor Name (Last, First):

Organization Name:

Note: Representatives submitting on behalf of an organization must enter information below.

Requestor Representative:

5. Requestor's relationship to the product:

6. Does this submission in regulations.gov include additional attachments?

7. Please indicate whether any additional attachment contains business confidential information (BCI), is a public document, or is a public version of a BCI document.

VERSION 2

CONTINUED BELOW

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U.S. Customs and Border Protection (CBP) must be able to consistently identify and correctly classify the covered product *at time of entry*. Therefore, requests should include detailed physical descriptions of the product, avoid ambiguous terms or clauses, and avoid descriptors that CBP cannot reasonably verify.

Product-specific exclusion requests should contain the following:

- A comprehensive physical description of the product, including (but not limited to) its form, dimensions, weight, constituent material(s), and any unique physical features that can assist in distinguishing the product.
- If the product consists of two or more interconnected/intermixed components or materials, a description of how the components/materials are integrated, and in the case of metals of Chapters 72, 73, or 76 of the HTSUS, approximate content of all constituents.
- If the product consists of two or more wholly separate items (i.e., a set), precise descriptions of each item (i.e., form, quantity, size, weight, and value).
- If the product is a subsidiary component of a separate article, a description of how the component is connected to the separate article.
- If the product is a chemical falling under Chapter 29 of the HTSUS, a description and approximate content of all constituents and a reference number promulgated by the Chemical Abstracts Services (CAS).
- Proposed draft tariff language based on the above applicable characteristics.

Product-specific exclusion requests should not contain the following:

- A product description based largely or entirely on the product's intended end-use, particularly where this cannot be reasonably verified (e.g., "screws for use in furniture," "floor polishers to be used in schools").
- References to trade names or colloquial terminology (e.g., "beanie" in lieu of "headwear").
- Subjective terms (e.g., "colorful," "large," "soft") or comparative/superlative terms (e.g., "normal-sized").
- Criteria which cannot be reasonably verified by CBP at the time of entry (e.g., exact thread counts, manufacturing process for the product, the particular function of a semiconductor or integrated circuit).
- Certification or labeling requirements.

Link:

<https://ustr.gov/sites/default/files/enforcement/301Investigations/Section%20301%20Exclusion%20Request%20Guidelines.pdf>

8. Is this product, or a comparable product, available from sources in the United States? (If you indicate "NO", you must provide support for your assertion in Box 12).

9. Is this product, or a comparable product, available from sources in third countries? (If you indicate "NO", you must provide support for your assertion in Box 12).

10. Please provide the value and quantity (with units) of the Chinese-origin product of concern that you purchased for each calendar year specified. Limit this figure to the products purchased by your firm (or by members of your trade association) alone. Please provide estimates if precise figures are unavailable.

| | | | |
|-------------|----------------------|----------------|----------------------|
| 2017 Value: | <input type="text"/> | 2017 Quantity: | <input type="text"/> |
| 2016 Value: | <input type="text"/> | 2016 Quantity: | <input type="text"/> |
| 2015 Value: | <input type="text"/> | 2015 Quantity: | <input type="text"/> |

11. Is the Chinese-origin product of concern sold as a final product or an input used in the production of a final product or products?

a) For imports sold as final products, please provide:

 % of your total gross sales in 2017 that the Chinese-origin product accounted for.

b) For imports of inputs used in the production of final products, please provide:

 % of the total cost of producing the final product(s) the Chinese-origin input accounts for. % of your total gross sales in 2017 that sales of the final product(s) incorporating the input accounted for.

Requesters must provide the annual quantity and value of the Chinese-origin product that the requester purchased in each of the last three years.

Link:

<https://ustr.gov/sites/default/files/enforcement/301Investigations/Initial%20%2434%20Billion%20%20Trade%20Action%20Exclusion%20Process%20FAQs.pdf>

12. Please provide information in support your request, taking account of the instructions provided in Section B of the Federal Register notice. If you responded "NO" to Questions 8 or 9, you must provide support for your assertion in the box below. (Note: text entered below can extend beyond the apparent size of this box).



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END

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With regard to the rationale for the requested exclusion, each request for exclusion should address the following factors:

- Whether the particular product is available only from China. In addressing this factor, requesters should address specifically whether the particular product and/or a comparable product is available from sources in the United States and/or in third countries.
- Whether the imposition of additional duties on the particular product would cause severe economic harm to the requester or other U.S. interests.
- Whether the particular product is strategically important or related to "Made in China 2025" or other Chinese industrial programs.

Link:

<https://www.regulations.gov/document?D=USTR-2018-0025-0001>

Find your local Representative

- Reaching out to your local Representative is the second step to achieving exclusion from tariffs. If you do not have a direct connection to your Representative reach out to other good contacts who may have a connection such as: Members of a local school board, newspapers, professional leagues, and local government employees.
- When contacting your local Representative as to speak with the Chief of Staff, District Director, or even the Trade Staffer.
- Certain talking points to touch on:
 - If your company is family owned and operated
 - Explain you have never had to deal with this issue before and in order for your company to survive you need at least a one year exclusion to explore other supply options
 - In order to stay competitive, tariff exclusion is a must
 - If this is the future of trade, I will need a year of relief to make the necessary changes. There has simply been no time to adjust.
 - Two thirds of the worlds pools are located in the U.S. We do not want to move our operations overseas at the expense of hard working Americans.

Link: <https://www.house.gov/representatives/find-your-representative>

The screenshot shows the 'Find Your Representative' page on the House of Representatives website. At the top, there is a navigation bar with links for Visitors, Educators and Students, Media, Doing Business with the House, and Employment. A search bar is located in the top right corner. Below the navigation bar, the United States House of Representatives logo is displayed on the left, and a 'FIND YOUR REPRESENTATIVE' section is on the right, featuring a map of the United States and a 'LOOK UP' button. The main content area is titled 'Find Your Representative' and includes a text box for entering a ZIP code, a 'FIND YOUR REP BY ZIP' button, and a list of frequently asked questions. A yellow callout box with a red arrow points to the ZIP code input field, containing the text 'Enter Zip code to find local Representative'.

Sample letter to submit to your local Representative

- Submitting a personalized letter to your local Representative is the third step to achieving exclusion from tariffs. This is a key step, as it must come from the individual/company.

Dear Representative (*last name*):

I am writing you on behalf of (*company name*), a company of (*# of employees*), based in (*city, state*). I am urgently contacting you about the recently announced 25% (*or 10% if the product is on the third list*) tariff on Chinese goods.

In case you are not familiar with (*company*), we manufacture (*fill in what the company manufacturers and give small background, maybe when company started or if it is family run, etc.*)

Roughly (*percent*) of (*product you are seeking exclusion for*) this company uses comes from China. Therefore, (*company name*) has been hit hard with a substantial cost increase due to the tariffs. These tariffs significantly limit our ability to manufacture (*pools/spas/etc.*), and could put many of our employees out of a job.

As an (*employee-owned/family run/small/etc.*) company, (*company name*) constantly strives to keep a balance between domestically and internationally-sourced parts, so that we can continue employing people in the local community of (*city, state*).

These tariffs have drastically increased the cost of building (*swimming pools/spas/etc.*), forcing us to lay off American workers and may require (*company name*) to move some, if not all, manufacturing overseas.

I submitted the **301 Exclusion Request Form** on (*date*), however I am reaching out to you directly to make sure the United States Trade Representative office acts quickly on the review process.

Thank you,

(*Your Name*)

Relevant Links

Regulations.gov :

<https://www.regulations.gov/document?D=USTR-2018-0032-0001>

Office of the United States Trade Representative 'Request an Exclusion' page:

<https://ustr.gov/issue-areas/enforcement/section-301-investigations/request-exclusion>

August 2018 Statement by U.S. Trade Representative:

<https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/august/statement-us-trade-representative>

Office of the United States Trade Representative:

https://ustr.gov/sites/default/files/301/2018-0026%20China%20FRN%207-10-2018_0.pdf

Find your Representative:

<https://www.house.gov/representatives/find-your-representative>

U.S. Trade Monitor Article:

<https://www.ustrademonitor.com/2018/07/ustr-proposes-third-round-of-tariffs-on-chinese-imports/>

Conclusion

- Q&A Session

- Thank you to everyone who joined!

- For additional questions please reach out to:
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