

China Announces Product Exclusion Process

Amid all the talk of tariffs and retaliation, the Customs Tariff Commission of China's State Council announced this week that the country will soon launch a product exclusion process related to its Section 301 countermeasures. This means that U.S. products impacted by retaliatory tariffs, including U.S. hardwoods, can be considered for exclusion from the tariffs by the Chinese government. It appears the exclusion will be valid for about a year after petitions are granted. This closely parallels the U.S. process although there will be no public comment period as there is in the U.S.

Three rounds of retaliatory tariffs have been imposed by China. Goods in the first two round, which did not include hardwood products, may be submitted for review between June 3 and July 5. Products in the third round, which included hardwoods will start on September 2, 2019, with a deadline for decision on October 18.

A company interested in applying for an exclusion **must** be a stakeholder in China. Trade associations in China can apply for exclusions on behalf of their members. Tariff exclusion applications will be evaluated on:

- 1) difficulty of obtaining alternative goods;
- 2) economic damage to the applicant; and
- 3) major structural impacts on any relevant industries from the tariff increase.

You may want to communicate with your Chinese customers and contacts for further information about this process and encourage them to apply.

Tariff Implementation Dates

The American Hardwood Export Council is reporting that after continued discussion with the US Embassy in Beijing, the hardwood industry, and FAS, there is still some confusion on the correct implementation date of the upcoming Chinese tariffs. The wording provided by the Ministry of Finance of the People's Republic of China is a little ambiguous, but many are now saying the **duties will be applied upon arrival at Chinese ports starting June 1st at midnight**, not on goods leaving the US after June 1st as initially reported. We are waiting on final confirmation of this and will provide updates, but for now it is safer to assume any products arriving in China after June 1st could be subject to a higher tariff rate. We will continue to send information as we receive it and welcome your comments and insight.