

Trade and Tariff Update - Latest from the Hardwood Federation

Make your voices heard in Washington

Hardwood Federation Trade and Tariff Update

The last few weeks have been extremely busy ones for the Hardwood Federation as the impacts of the Trump Administration's trade actions against China have hit home with hardwood companies. Below is a brief history of the current trade dispute, an update on the various trade issues we are currently following, Hardwood Federation actions taken and how you as a business leader can take action. Make sure your voice is heard on this very important issue by taking a few minutes to share your thoughts with the Trump Administration, Members of Congress and the Hardwood Federation.

China Trade and Tariffs-Background

In 2017, the Trump Administration undertook an investigation of Chinese business practices related to technology transfer, intellectual property, and innovation. The Office of the U.S. Trade Representative (USTR) found that current and past Chinese practices have caused significant harm to American businesses, confirmation of longstanding concerns that are bi-partisan and shared by other countries.

As a result of these findings, the Trump Administration chose to initiate a series of tariffs on Chinese goods exported to the U.S. They announced that lists of products to be targeted would be issued over the next several months. Public comment would be taken on each list after its release and before final implementation of the tariffs.

The Chinese responded that they would respond to imposition of tariffs with equal and reciprocal tariffs on U.S. goods of exported to China.

To date, tariffs on the first two lists of goods proposed by the U.S. government have been put into place or are scheduled for implementation. By August 23, 25% tariffs will be levied on a total \$50 billion worth of Chinese imports.

A third list of proposed Chinese imports targeted for tariffs was announced in July. China issued a corresponding retaliatory list on August 3. Although Hardwood and hardwood products are not on the first two lists, they do appear on the third set of lists issued by the U.S. and China in this ongoing dispute. You may view the Administration's third list of targeted Chinese exports [Here](#).

China's retaliatory list 3 of agricultural products may be viewed [Here](#) (provided by Mike Snow at AHEC). Forest product numbers begin with 44 and start on page 11. Most US hardwood lumber falls within the 25% category with a few exceptions. There is still some confusion concerning exactly which species fall where as there appears to be two "other hardwoods" categories, and AHEC is seeking clarification through their official channels. The Chinese have announced that

the tariffs will be implemented "immediately" if the US implements the proposed tariffs on \$200 billion in Chinese goods on List 3. (This mirrors their response to final implementation of the first two lists.) The anticipated date for U.S. action (to impose or not impose tariffs) is October 1, 2018. It is almost certain that China will reciprocate by imposing their tariffs within one or two days of U.S. action.

Taking Action

The Hardwood Federation is reaching out to the Administration, Congressional Leaders, and the trade community in Washington D.C. to share the hardwood industry's experience. But it is vital that business owners, employers and employees also make their voices heard. [Click here for a list of how you can take action.](#)

Hardwood Trade Statistics

Keep in mind, ***the most important thing you can share with your elected officials and the Administration is how this trade dispute is directly impacting your business and your ability to employ workers.*** Below are some additional facts about the importance of the hardwood industry to the U.S. economy to supplement your message.

- The wood products industry in the U.S. is an important contributor to the U.S. economy, accounting for approximately 4 percent of the total U.S. manufacturing GDP;
- Wood products companies are among the top ten manufacturing sector employers in 47 states, producing \$210 billion in products annually;
- The industry employs nearly 900,000 people; more than the automotive, chemicals and plastics industries. And most of them are in rural areas where employment opportunities are limited.
- Hardwood is an important sub-sector of the wood products industry and has a heavy reliance on export markets for its survival;
- In 2017, U.S. hardwood producers shipped \$4.04 billion worth of U.S. products to global markets; \$2.09 billion to Greater China, including Hong Kong and Macau;
- Combined, China, the NAFTA countries and the E.U. make up 82% of hardwood exports. As should be clear, dependable, long-term export markets are vital to the sustainability of the hardwood industry.
- In 2017, the U.S. had a trade surplus of \$1.475 billion in hardwood lumber, up from \$1.1 billion in 2015.
- It is vital that markets remain open for these businesses and the men and women they employ