

China Trade Update

I hope everyone had a happy and joyous holiday season...I hope 2020 is a successful and productive year for us all.

There were several China Trade related developments over the holidays that are of interest to the hardwood industry. As we noted in mid-December, the U.S. and China have agreed upon a "Phase One" trade deal that includes, according to Administration officials, Chinese purchase of \$40-50 Billion in U.S. agricultural products. According to conversations with USTR officials, wood products, including hardwood and hardwood lumber, are included in the agriculture bucket. This was further confirmed by US Trade Representative Robert Lighthizer in an appearance on Fox News on December 17. The Ambassador specifically mentioned that hardwoods are part of the trade deal with China at 1:56 of the interview. ([View Video Here](#))

The White House has announced that the agreement is scheduled to be signed on January 15, 2020. Details about specifics in the agreement are being tightly held and are not expected to be available until the deal is officially signed.

Just before Christmas, some confusion was created when the Chinese government announced tariff reductions on a list of 850+ U.S. products. Although the list included several forest products categories it did not include hardwood lumber or logs. However, **it is important to note** that this announcement and this list **do not specifically address the retaliatory tariffs placed on US goods as part of the trade war.**

Mike Snow and his AHEC Team have been in contact with the US Embassy in Beijing and have confirmed that this list represents changes to China's overall tariff rates to **ALL** of its WTO member trading partners (Most Favored Nations or "MFNs") **and again, does not reflect details of the Phase One trade agreement.** Once the "Phase 1" portion of the bilateral trade deal is signed (and barring unanticipated changes to the contents), we anticipate adjustments to China's retaliatory tariffs aimed at the US and, hopefully, specific reductions for US hardwoods products.

We are, of course, closely monitoring this situation. Although detailed information is being closely held we continue to reach out for any insight that is available. We will share any additional information as soon as possible with Hardwood Federation Board Members and Association Executives.

Please don't hesitate to contact Pat, Cary or myself if you have any questions.

Best,
Dana Lee Cole
Executive Director