

MEMORANDUM

From: Martin Hahn
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Re: Updated Chinese Tariffs Impact Food Products

Last Friday, China announced a second round of American products that could be subject to retaliatory tariffs between 10 to 25 percent. ^{1/} The proposed list would target \$60 billion worth of additional United States products, including many food products. China has not yet identified the effective date in the event it implements these tariffs.

China proposed to impose the recent round of retaliatory tariffs in response to the Chinese products targeted by the United States for additional tariff increases. Effective July 16, 2018, the United States imposed 25 percent tariffs on \$34 billion in Chinese imports. This action was taken under Section 301 of the Trade Act of 1974 after a Trump Administration investigation revealed allegedly unfair Chinese trade practices related to technology and intellectual property. A decision to impose an additional \$16 billion in 25 percent tariffs on a second list of Chinese imports was announced on August 7, 2018. The effective date for these tariffs will be August 23, 2018, with China to impose corresponding retaliatory tariffs on the same day; the unofficial list of Chinese retaliatory tariffs to commence in August does not include any food products. The Office of the United States Trade Representative (USTR) has also released a third list of \$200 billion in imported Chinese products that may be made subject to additional tariffs.

This new set of retaliatory Chinese tariffs includes thousands of products. While an official English translation of the goods is not yet available, the tariffs are again directed at many food and agricultural items. ^{2/} The list includes spices, juices, frozen vegetables (including potatoes), coffee, teas, nuts, sodium glutamate, and poultry and animal meat products, among many others. Review of the full list of products is recommended when an official English version is released.

Looking ahead, the United States is prepared to implement tariffs on another \$200 billion of Chinese imports. China has responded in equal measure with each tariff increase and there is no indication that either country will back down. President Trump has stated he is using the tariffs to eventually get China to address the fair trade concerns revealed in the USTR investigation report, so future

^{1/} A summary of the first round of Chinese tariffs can be found in the Hogan Lovells memorandum regarding the impact of China's initial retaliatory tariffs on food (available at https://www.hfoodlaw.com/wp-content/uploads/sites/357/2018/07/HL-Memo-Impact-of-China_s-Proposed-Retaliatory-Tariffs-on-Food-Products.pdf).

^{2/} The list is available in Mandarin at <http://www.mofcom.gov.cn/article/ae/ai/201808/20180802772616.shtml>.

negotiations to halt the escalation are possible. Additionally, the Trump Administration has initiated a multi-billion dollar support package for United States farmers to alleviate the economic impact of the escalating trade war on the agricultural sector.

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We will continue to monitor the status of any retaliatory tariffs or duties on food products from the United States. Please let us know if you have any questions.