

Regarding tariffs on Chinese goods and impact to Aerospace, Defense, and Government Services companies

May 2, 2018

On April 3, 2018, the Office of the U.S. Trade Representative (USTR) issued recommended tariffs on US\$50 billion worth of Chinese goods that the United States says benefit from Beijing's industrial "Made in China 2025" plan. The USTR's recently announced list of approximately 1,300 U.S. tariff classifications (HTS codes) that are potentially subject to an additional 25 percent tariff on these imports from China can be found [here](#). (The list of tariff codes begins on page 14.)

These new tariffs – which are entirely separate from the new 25 percent tariffs on steel and aluminum imports, and would be applied on top of those tariffs to affected products – are being brought as a result of the U.S. Trade Representative's investigation under Section 301 of the Trade Act (which commenced in August 2017) and its recently-announced findings regarding Chinese forced technology transfer policies and theft of U.S. companies' intellectual property. High technology goods, including in the aerospace industry, were the major focus of the Section 301 investigation's findings, and so a large amount of the tariffs hit China's aerospace industry.

The tariffs are not final, and there is no official date announced for the tariffs to enter into force. The procedures for challenging any of these announced tariffs are as follows:

- April 23: File pre-hearing submissions and request to appear at the public hearing with summary of five-minute hearing testimony
- May 11: File written comments (with business confidential information permitted)
- May 15: Public hearing at U.S. International Trade Commission
- May 22: File post-hearing rebuttal comments

USTR's list is aimed to minimize harm to U.S. commerce and U.S. consumers. USTR invites comments if a party views any of the announced tariffs as unreasonable or discriminatory, or to burden or restrict U.S. commerce. USTR encourages comments regarding any aspect of the announced tariffs, including specific products to be added or removed from the list, the level of the 25 percent duty rate, and the appropriate total amount of trade to be covered by the new tariffs. USTR will give weight to comments regarding whether new tariffs on a particular product would cause disproportionate harm to U.S. interests, including small/medium sized businesses and consumers.

We suggest importing companies conduct a close assessment of the possible impact of the new Section 301 tariffs. Companies should also consider whether they wish to participate in the public comment, hearing, and/or written submission process. Possible areas of impact to aviation companies are included in the following HTS chapters:

- 72-73 (iron and steel)
- 76 (aluminum)
- 84 (machinery and parts, including turbines/engines for aircrafts and certain parts)
- 85 (electric machinery and equipment and parts, including for aircraft use, radars, electrical products, airfield signaling equipment, flight data recorders, etc.)
- 88 (aircraft and parts — 8803.10, 8803.20 and 8803.20)
- 90 (instruments for measurement, including instruments for aeronautical navigation, automatic pilot, communications equipment, instrument panels, etc.)

China Retaliation List on US Exports to China

China responded by threatening its own tariffs on US\$50 billion of U.S. products exported to China, including automobiles, aircraft, and agriculture products such as soybeans. China's proposed list of tariff classifications can be found [here](#).

Please do not hesitate to contact us if you have any questions or would like assistance in submitting comments.

Contacts



Chandri Navarro
Partner, Washington, D.C.
T +1 202 637 5640
chandri.navarro@hoganlovells.com

www.hoganlovells.com

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