

ALERT

# Administration Suspends Imminent Section 301 Tariff Hikes Pursuant to “Phase 1” Trade Deal with China

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October 14, 2019

On October 11, 2019, the Administration announced that it is suspending the planned hike in Section 301 tariffs on Chinese goods covered by the first three rounds of Section 301 duties (*i.e.*, Lists 1, 2, and 3), based on positive negotiations with China regarding trade issues.

Since July 6, 2018, the Administration has imposed tariffs on four successive rounds of goods imported from China, with tariffs slated to be imposed on yet more goods effective December 15. Currently, the tariff rate for goods covered by the first three rounds of duties stands at 25%. In August, the Administration announced its intention to raise these duties to 30%, effective October 1. However, the Administration then subsequently announced a delay until October 15. Until Friday, there was significant uncertainty in the trade community regarding whether the increase would go forward. Friday’s announcement settles the matter – at least for now.

The suspension of the tariff increase is one of the first positive signs in the trading relationship between the United States and China since negotiations broke down in May. In announcing the agreement pursuant to which the tariff increase has been suspended, the President also indicated that a multi-phase verbal deal has been reached that could result in additional concessions. As part of the initial, “Phase 1” of the deal, China will increase its purchases of U.S. agricultural goods.

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## Practice Areas

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International Trade