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U.S. Trade Overview

Update on Trade Policy Under the Trump Administration

January 2019

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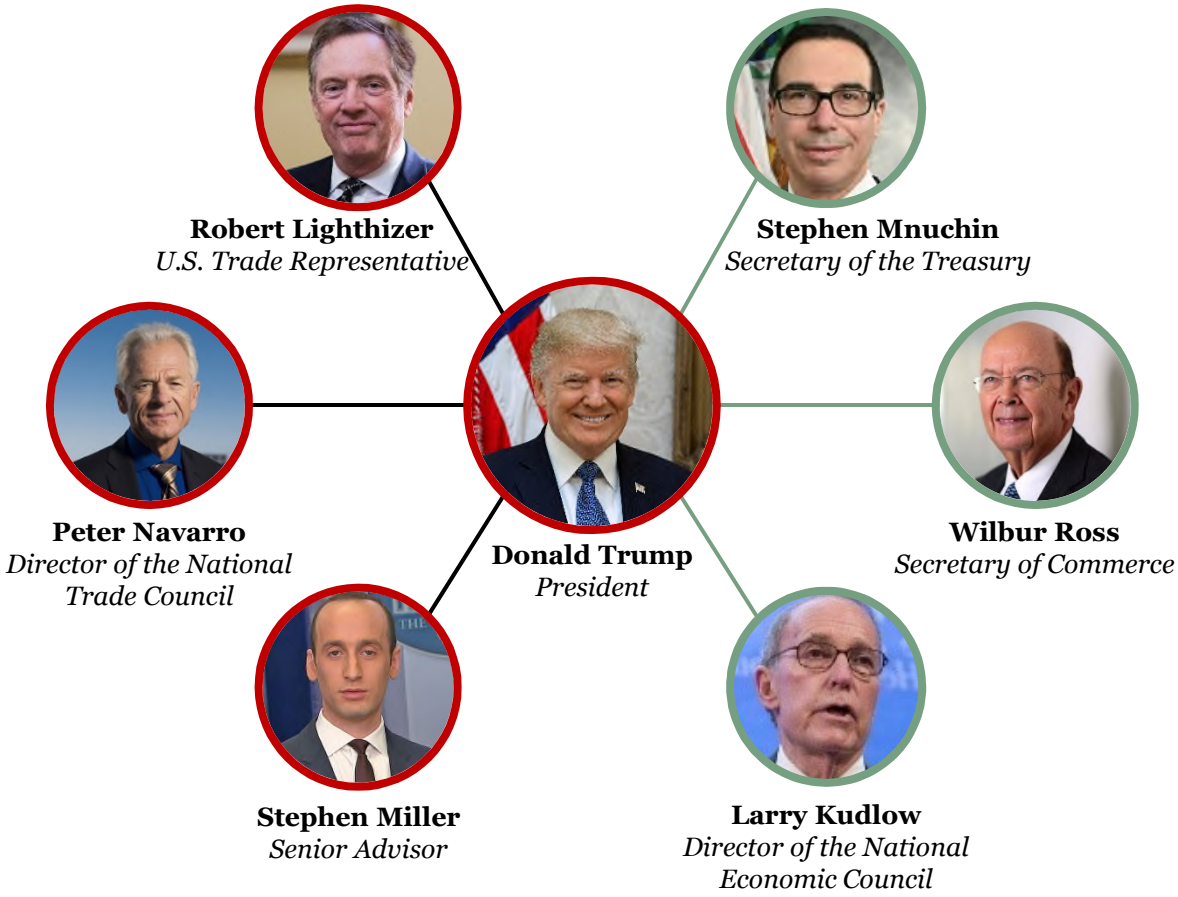
www.TrumpandTrade.com

Key U.S. Trade Officials

Free trade background
Protectionist background



Sources: William Mauldin and Paul Vieira, "Veteran U.S. Official to Lead Nafta Talks," WSJ, July 19, 2017; National Journal research, 2018.

Status of President Trump's Major Trade Actions

North American Free Trade Agreement (NAFTA)/United States-Mexico-Canada Agreement (USMCA)

Countries: Canada, Mexico

U.S.-Korea Free Trade Agreement (KORUS)

Countries: South Korea

Sect. 232 – National Security – Steel/Aluminum

Countries: All countries

Indefinite exemptions: Argentina, Brazil, Australia, South Korea

Sect. 232 – National Security – Automobiles

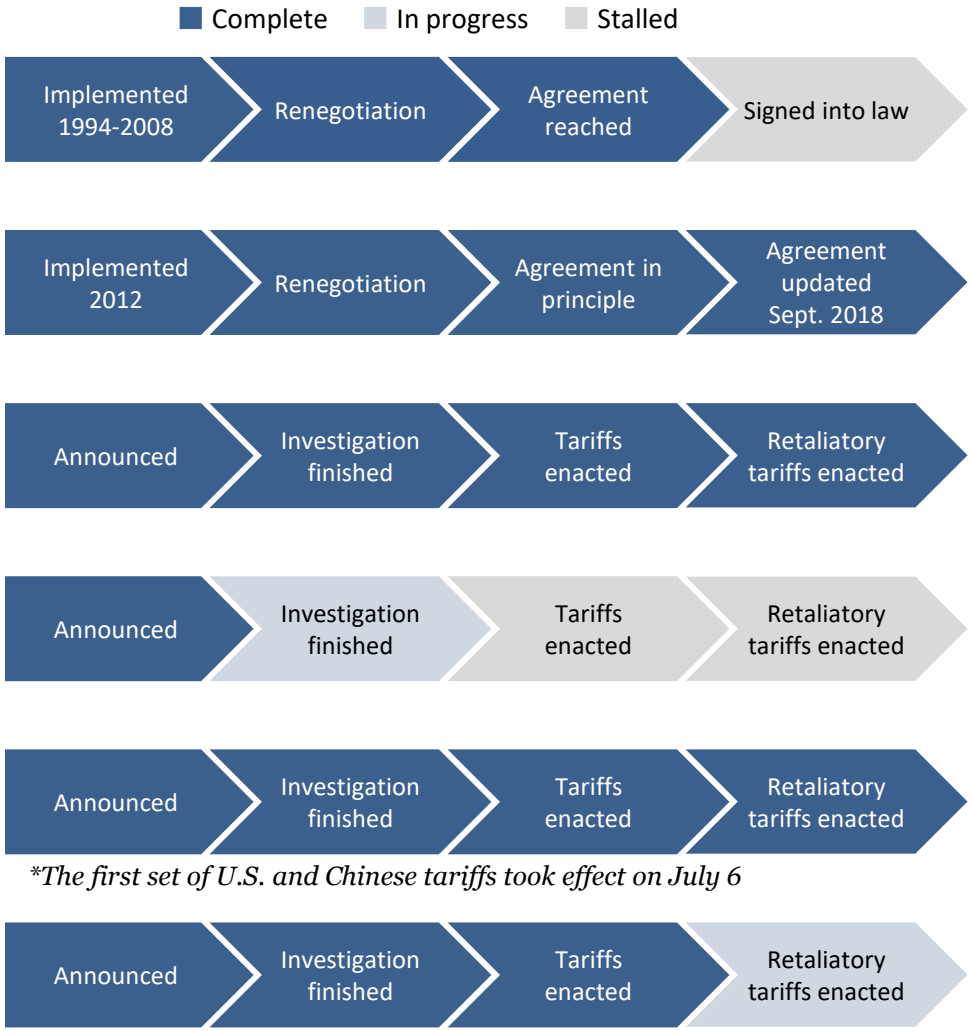
Countries: All countries

Sect. 301 – Unfair Trade Practices – Intellectual Property Theft

Countries: China

Sect. 201 – Harm to Domestic Industry – Solar Cells and Washing Machines

Countries: All countries



**The first set of U.S. and Chinese tariffs took effect on July 6*

Sources: National Journal Research, 2018.

Trade Agreement Negotiations

- NAFTA
- USMCA
- KORUS
- Bilateral Agreements

Key Events in NAFTA Renegotiations

Jan. 2017	**Trump pledges to renegotiate or repeal NAFTA**
Aug. 2017	**First round of NAFTA renegotiation is completed in Washington, DC**
Sep.-Oct. 2017	**2nd, 3rd and 4th rounds of NAFTA renegotiation are completed.** Negotiators agree on certain provisions to modernize small business regulations, but cannot resolve differences on labor standards, dispute settlements and free trade restrictions
Nov. 2017-March 2018	**5th, 6th, and 7th rounds of NAFTA renegotiation are completed** without significant progress. Major obstacles to successful renegotiation include duty-free treatment of automobiles, dispute settlements, the sunset clause and major market access rules
March 8, 2018	**President Trump imposes tariffs on steel and aluminum imports** with exemptions for Canada and Mexico while NAFTA is renegotiated
April 2018	**NAFTA negotiators enter a "permanent round" of negotiations;** White House officials set a May 18th deadline to reach an agreement and secure congressional approval before the November midterms
April 30 2018	**Trump extends steel and aluminum tariff exemptions** for Canada and Mexico to June 1
May 18, 2018	**Negotiators miss May 18th deadline;** USTR Lighthizer says countries are "nowhere close to a deal"
June 30, 2018	**U.S. fast track law expires**, though President Trump extended it for three more years
Aug. 27, 2018	**United States and Mexico agree to terms** of a new trade deal
Sept. 30, 2018	**NAFTA negotiators reach the terms of a new deal to replace NAFTA,** the United States-Mexico-Canada Agreement (USMCA)

Sources: William Mauldin, "Trump Trade Chief Wants NAFTA Deal by Mid-May, The Wall Street Journal, May 1, 2018; "Facilitating Trade: NAFTA Today And Tomorrow," Livingston International, May 2018; National Journal research, 2018.

NAFTA Eliminated Tariffs on All Goods Traded between the U.S., Mexico and Canada

Key elements of the North American Free Trade Agreement

NAFTA is a **free trade treaty** between the United States, Canada and Mexico that went into effect in January 1994

It also opened the **border and interior of Mexico** to U.S. truckers and streamlined border processing and licensing requirements for commercial ground transportation

NAFTA was created to **eliminate tariff barriers**, remove investment restrictions and protect intellectual property rights

The three NAFTA countries agreed to **strengthen and standardize** health, safety and industrial standards

Around **50% of tariffs** were abolished immediately and the remaining tariffs were gradually eliminated

NAFTA also created commissions with the power to **impose fines against signatories** if they failed to implement the agreement's labor and environmental standards

Sources: Global Training Center, Inc., "North American Free Trade Agreement (NAFTA)," 2014; National Journal Research, 2018.

NAFTA Accounts for 16% of Global Trade and Supports 14 Million American Jobs

Key numbers for the North American Free Trade Agreement

370%
Percentage by which total trilateral trade between Canada, Mexico and the United States grew between 1994 and 2016

16%
Percentage of global trade generated by NAFTA countries

$12.5 billion
U.S. trade surplus with Canada in 2016

$55.6 billion
U.S. trade deficit with Mexico in 2016

14 million
U.S. jobs that depend on trade with Canada and Mexico

58%
Percentage of international tourists to the U.S. who come from Canada or Mexico; 56% of all trips U.S. tourists take abroad are to those two countries

Sources: Global Training Center, Inc., "North American Free Trade Agreement (NAFTA)," 2014; USTR, "Mexico," Office of the President, September 2017; National Journal Research, 2018.

U.S.-Mexico-Canada Agreement (USMCA)

Key elements of the USMCA

Topic	Under NAFTA	USMCA
Auto rules of origin: • Percent of specific vehicle components needed to be produced in North America to qualify for zero tariffs	**62.5%**	**75%**
Wages for auto-workers: • Percent of auto parts made in factories paying workers at least $16/hour to qualify for zero tariffs	**N/A**	**30% starting in 2020, 40% by 2023**
Dairy • The status of Canada's milk and dairy tariffs	Canadian government restricts the production of dairy, and limits imports	Canada eliminates pricing scheme
Special dispute process • Creates a channel for resolving certain trade disputes over dumping or countervailing duties	The U.S. side wanted it removed; Canada and Mexico advocated for its inclusion	Chapter 19 stays intact
Auto and steel tariffs • The status of American Sec. 232 auto and steel tariffs on other countries	25 percent steel tariff on Canada, and the threat of auto tariffs on Canada and Mexico	Canadian steel tariff stays intact, Trump administration pledges not to impose auto tariffs

Sources: Heather Long, "U.S., Canada and Mexico just reached a sweeping new NAFTA deal. Here's what's in it." *The Washington Post*. October 1, 2018; National Journal Research, 2018.

U.S.-Mexico-Canada Agreement (USMCA)

Key elements of the USMCA

Topic	Under NAFTA	USMCA
Labor and environmental rights • Upgrades to existing provisions	**N/A**	Mexican trucks that cross the border must have higher safety regulations; Mexican workers must be able to organize unions
Intellectual property protections • The status of IP protections in NAFTA	**N/A**	IP chapter is now 63 pages long and has stronger protections for patents and trademarks
Pharmaceutical competition in Canada • Length of time U.S. drug companies can sell pharmaceuticals in Canada without facing generic competition	**8 years**	**10 years**
Chapter 11 • Gives investors a way to fight government decisions	Gave companies and investors a process to resolve disputes with a NAFTA signatory government	Chapter 11 eliminated entirely for Canada and mostly for Mexico
Sunset clause • Date at which the agreement would automatically expire unless renewed	**N/A**	**16 years, new talks in 6 years**

Sources: Heather Long, "U.S., Canada and Mexico just reached a sweeping new NAFTA deal. Here's what's in it." *The Washington Post*. October 1, 2018; National Journal Research, 2018.

Overview: The Process of Passing USMCA

A variety of factors could affect USMCA's passage at any point in the legislative process

The Trade Promotion Authority (TPA) allows Congress to permit the administration to negotiate trade agreements without interference. Once the administration submits a trade deal for approval, Congress must vote yes or no and cannot amend or filibuster the USMCA

- Rep. Bobby Scott, the incoming chair of the House Education and Workforce Committee, opposes the deal

- Sens. Elizabeth Warren (D-MA) and Bernie Sanders (I-VT) have come out in opposition to the deal
- Sen. Pat Toomey (R-PA) opposes the deal, and Sen. Marco Rubio (R-FL) has been critical of the deal's effects on Florida growers

After reporting and mock markups to the trade agreement occur, the agreement passes to Congress → The House receives the trade agreement because it is a revenue bill; Ways and Means must report and then the House votes on the bill → The bill moves to the Senate Finance Committee where it is reported; afterwards, the Senate receives and must vote on the bill → If both the House and the Senate agree on the bill, the president signs it into public law and implements the agreement by proclamation

In accordance with the TPA process, debate is limited to 20 hours, neither amendments nor recommendations can be made, and the bill requires a simple majority to pass

Republicans fear that Democrats may oppose one of Trump's key policy goals

Sources: Megan Cassella, "NAFTA 2.0's long road to completion," *Politico,* updated October 1, 2018; Kimberly Amadeo, "Trade Promotion Authority, Its Pros, Cons and History," *The Balance,* August 28, 2018; Brian Bradley, "Senator: Tariffs complicate USMCA prospects," *American Shipper,* October 24, 2018; National Journal Research, 2018.

USMCA Timeline

Congressional actions Non-congressional actions

Sept. 30, 2018

Office of the U.S. Trade Representative releases text of the deal

Nov. 1, 2018

Legal scrubbing process must conclude before the administration can submit the final text to Congress; Nov. 1st was the latest it could be submitted in order for the bill to be introduced 30 days later

Nov. 30, 2018

President Trump, Canadian Prime Minister Justin Trudeau and Mexican President Enrique Peña Nieto sign the USMCA

March 1, 2019

The process of moving the bill through the House and Senate, including the Ways and Means and Finance committees, can take up to 90 days

The process can take days or months; a bipartisan bill will likely take longer to pass if the Democrats impede the approval process

Mar. 15, 2019

105 days after the agreement is signed, the ITC report, which assesses the deal's economic impact, must be made public

Although Congress can technically vote before the study is completed, some lawmakers view the analysis as vital for informing their vote

Sources: Megan Cassella, "NAFTA 2.0's long road to completion," *Politico,* updated October 1, 2018; Kimberly Amadeo, "Trade Promotion Authority, Its Pros, Cons and History," *The Balance,* August 28, 2018; National Journal Research, 2018.

U.S.-Korea Free Trade Agreement (KORUS)

Key elements of the original KORUS Free Trade Agreement

Increased access for U.S. autos

The agreement eliminated Korean tariffs on most U.S. priority passenger vehicles and trucks and ensured that Korea wouldn't adopt non-tariff barriers that impede market access of U.S. autos

Protections for U.S. investors

The deal established a stable legal framework for U.S. investors operating in Korea; all forms of investment are protected as comprehensively as any U.S. FTA under the agreement

Expanded markets for U.S. farmers

Over half of U.S. exports to Korea became duty-free immediately, and other farm products benefited from two-year and five-year tariff phase-outs

Open services markets

Korea agreed to significantly liberalize its exports in services, providing meaningful market access that extends across virtually all major service sectors

KORUS Timeline

June 2007

President Bush signed KORUS using his fast-track trade authority despite opposition from Democrats

December 2010

President Obama signed revised agreement, granting concessions to the U.S. on trade in automobiles

March 2012

KORUS was implemented, initiating the tariff reductions and phase-out periods of the deal

April 2017

President Trump announced his intention to renegotiate or terminate the treaty

September 2018

The U.S. and Korea sign an updated KORUS

Sources: ""US-Korea Free Trade Agreement," USTR, 2016; "KORUS," US Chamber of Commerce; National Journal Research, 2018.

Key Amendments to Updated KORUS

Growing U.S. auto exports

Korea will double its import cap on U.S. autos to 50,000 cars per manufacturer per year, ease standards for U.S. automotive parts exports and make it easier for American-made cars to meet the country's fuel efficiency standards

U.S. truck tariff extension

Korea will allow the U.S. to maintain its 25% tariff on light trucks for 20 extra years, instead of phasing it out by 2021 as originally negotiated

Steel tariff exemption

Korea will agree to cut its steel exports to the U.S. by 30% in exchange for an exemption from the 25% steel tariff imposed by Trump in March 2018

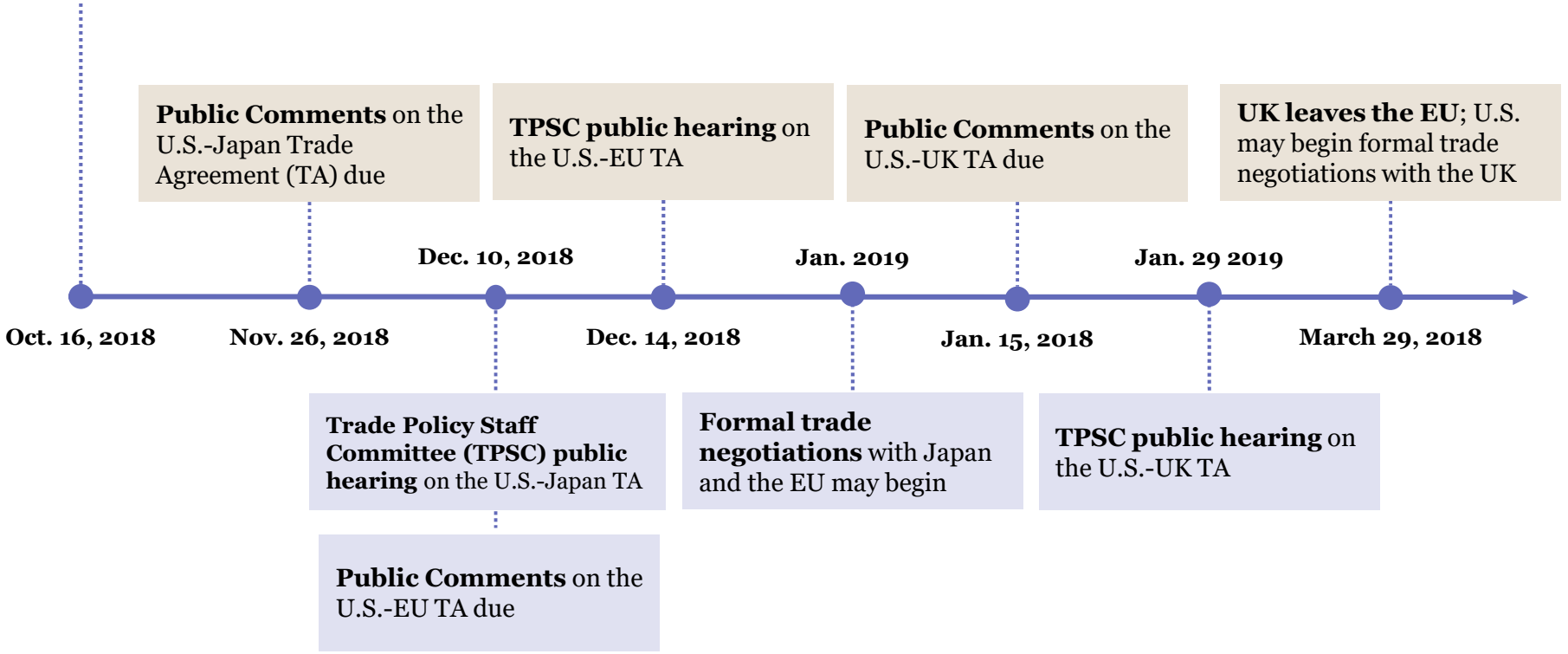
Ban on currency devaluation

A side agreement included in the deal prohibits both countries from devaluing their currency for an unfair trade advantage. This provision is mainly symbolic and is not enforceable through panels that typically settle disputes

Sources: ""US-Korea Free Trade Agreement," USTR, 2016; "KORUS," US Chamber of Commerce; "New US Trade Policy and National Security Outcomes with the Republic of Korea," USTR, March 2018; National Journal Research, 2018.

Bilateral Negotiations with Japan, the European Union and the United Kingdom

USTR Letters to Congress - On October 16, 2018, the USTR notified Congress that the Trump administration plans to negotiate bilateral trade agreements with Japan, the EU and the UK in 2019



Sources: "Trump Administration Announces Intent to Negotiate Trade Agreements with Japan, the European Union and the United Kingdom," USTR, October 2018; "Request for Comments on Negotiating Objectives for a U.S.-Japan Trade Agreement," Federal Register, October 26, 2018; Brian Bradley, "ITC urged to consider USMCA provisions," American Shipper, November 16, 2018; National Journal Research, 2018.

President Trump and Tariffs

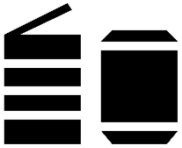
- Section 232 (National Security) — Steel & Aluminum Imports
- Section 232 (National Security) — Automobile Imports
- Section 301 (Unfair Trade) — U.S.-China Trade Dispute
- Section 201 (Harm to Domestic Industry) — Solar Panels & Washing Machines Imports

Section 232 Tariffs on Aluminum/Steel Imports

While the tariffs cover $48 billion of imports, Trump has exempted several key trading partners

Steel

25%



Aluminum

10%

Argentina
Australia
Brazil
South Korea

Permanently exempted after agreeing to place quota limits on steel & aluminum exports to the U.S.

Mexico
European Union
Canada

Exempted until June 1, 2018 for negotiations, but did not reach a deal, so tariffs were imposed

Timeline of events regarding the steel and aluminum tariffs

March 8, 2018	March 23	March 28	April 30	June 1
President Trump signs tariffs of 25% on steel and 10% on aluminum imports with exemptions for Canada and Mexico while NAFTA is renegotiated	Tariffs go into effect; Trump extends temporary exemption until May 1 for Argentina, Australia, Brazil, the EU and South Korea	South Korea receives permanent exemption from steel tariffs in exchange for agreeing to reduce its steel exports to the U.S. by 30%	Trump extends tariff exemption to June 1 for Mexico, the EU and Canada and indefinitely for Argentina, Australia and Brazil	After failing to reach an agreement, Trump imposes steel and aluminum tariffs on Mexico, the EU and Canada

Sources: Tory Newmyer, "The Finance 202: Trump's tariff delay leaves Europe as the odd one out," The Washington Post, May 1, 2018; Steven Mufson and Damian Paletta, "Trump delays steel and aluminum tariffs for Canada, Mexico and European Union," The Washington Post, April 30, 2018; Liz Moyer, "A timeline of Trump's escalating trade war with the world," CNBC, April 4, 2018; Jeremy Diamond, "Trump delays steel, aluminum tariffs for US allies for 30 days," CNN, May 1, 2018; National Journal Research, 2018..

Mexico, the EU and Canada Retaliated with Tariffs on Nearly $20 Billion of U.S. Products

Retaliatory tariffs from Mexico on about $3B of U.S. products went into effect in June and July 2018

Pork	Apples	Potatoes	Bourbon	Cheese	Steel products	Cranberries
20%	20%	20%	25%	20-25%	25%	20%

Retaliatory tariffs from the EU on about $3.4B of U.S. products went into effect in June 2018

Motorcycles	Rice products	Washing machines	Bourbon	Clothing	Steel products	Cranberries
25%	25%	50%	25%	50%	25%	25%

Retaliatory tariffs from Canada on about $12.8B of U.S. products went into effect in July 2018

Motorboats	Appliances	Household products	Whiskey	Sweets/chocolate	Steel products	Food products
10%	10%	10%	10%	10%	25%	10%

Sources: National Journal research, 2018; "The facts on NAFTA: assessing two decades of gains in trade, growth and jobs," U.S. Chamber of Commerce; National Journal Research, 2018.

President Trump Doubled the Tariffs on Steel and Aluminum Imports from Turkey

New tariffs against Turkish steel & aluminum imports

Steel

50%

Aluminum

20%

U.S.-Turkey relations

In August 2018, relations between the two countries intensified after Turkey initially refused to free Andrew Brunson, an American pastor who has lived in Turkey for over 20 years and was arrested in 2016 on charges of spying. However, President Trump suggested the doubling of tariffs against Turkey was in response to the depreciation of the Turkish lira.

Initial retaliatory tariffs from Turkey on about $1.8B of U.S. products went into effect on June 21

On August 14, 2018, Turkey announced it raised tariffs on some U.S. imports

Rice products

June duty

20%

Now

50%

Tobacco

June duty

25%

Now

60%

Coal

June duty

10%

Now

14%

Cosmetics

June duty

30%

Now

60%

Alcohol

June duty

40%

Now

140%

Automobiles

June duty

35%

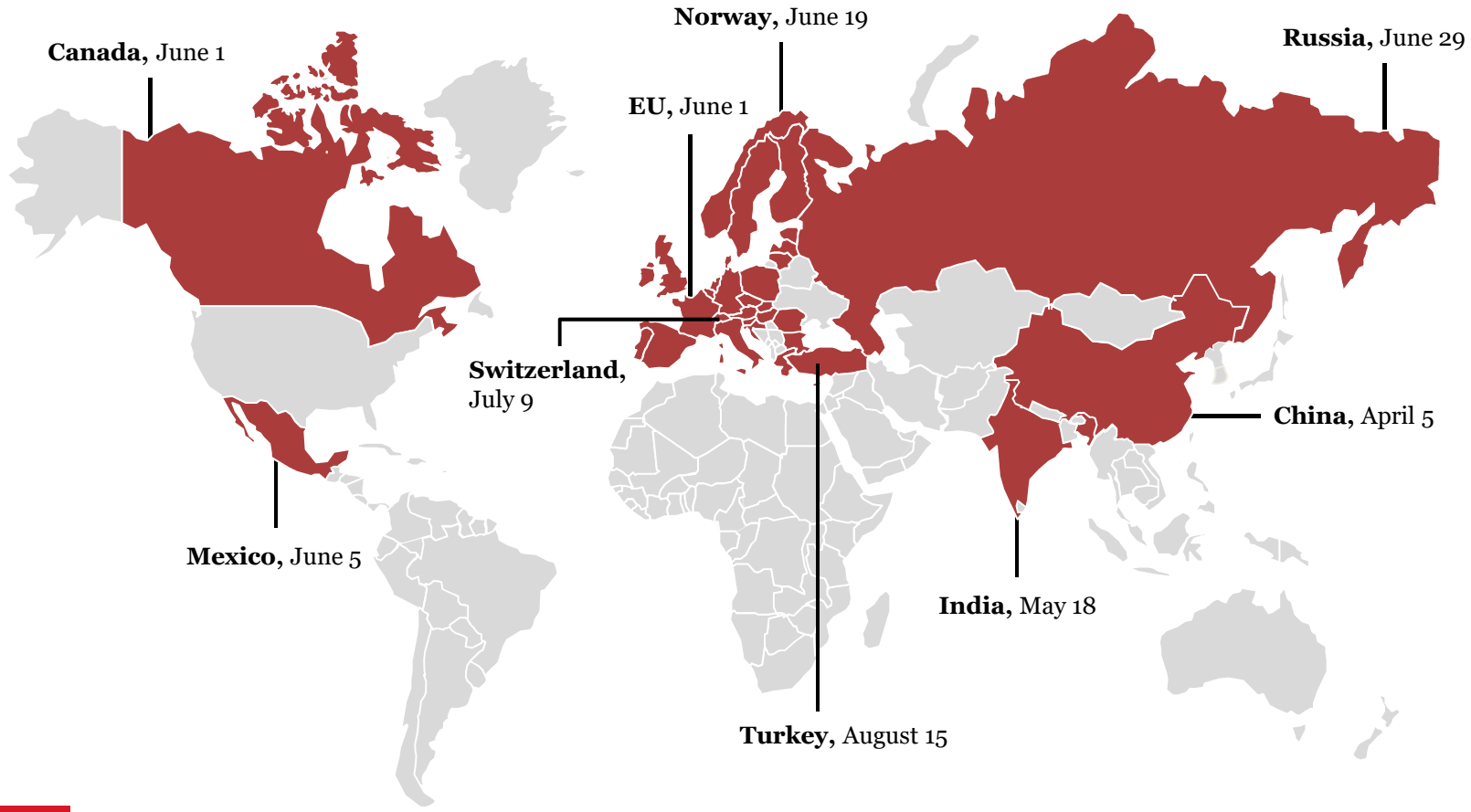
Now

120%

Sources: Yeliz Candemir, "Turkey Raises Tariffs on U.S. Products as Dispute Escalates," The Wall Street Journal, August 15, 2018; Chad P. Brown and Melina Kolb, "Trump's Trade War Timeline: An Up-to-Date Guide," PIEE, August 21, 2018; National Journal Research, 2018.

Eight Countries and the EU Have Filed WTO Dispute Complaints Against the Section 232 Tariffs

The countries have accused the U.S. of imposing the tariffs "for reasons related to economic welfare and other factors" rather than for national security concerns as claimed by President Trump



Sources: "Index of dispute issues," World Trade Organization, June 26, 2018; Niv Elis, "WTO advances EU, Canada complaints against Trump's trade moves," The Hill, June 26, 2018; National Journal Research, 2018.

Section 232 Investigation on Automobile Imports

Approximate timeline for Section 232 investigation

May 23, 2018	Initiation of Commerce Department investigation
May 30, 2018	Federal Register Notice announcing public hearing and soliciting comments
June 20, 2018	Deadline to request to participate in public hearing with summary of oral presentation
July 11, 2018	Participation in public hearing
July 28, 2018	Submission of post-hearing comments
Feb. 17, 2019	Commerce Department investigation is completed
May 18, 2019	Presidential determination on tariff action
June 2, 2019	Delay within which action must be taken
July 2, 2019	President must inform Congress

POTENTIAL TARIFFS

Automobiles

25% tariff on automobile imports

Sources: Daniel Cannistra, John Brew & Edward Goetz, "Commerce initiates Section 232 investigation into imports of autos and automotive parts," International Trade Law, May 24, 2018; National Journal Research, 2018.

Section 301 U.S.-China Trade Dispute

April 2, 2018
China imposes tariffs on U.S. imports worth $3B in direct response to the U.S. tariffs on steel and aluminum

April 3, 2018
U.S. proposes tariffs on $50B in Chinese goods, targeting electronic products

April 4, 2018
China proposes imposing tariffs on $50B in U.S. goods, including soybeans, cars and chemicals

April 6, 2018
After Trump calls for a new wave of tariffs targeting $100B of Chinese goods, the USTR publishes a proposed list of 1,333 products to target

May 20, 2018
U.S. and China reportedly reach an agreement and put the tariffs on hold while they work out the details

Previous actions

August 2017
USTR launches a Section 301 investigation into the Chinese government due to the growing trade deficit with China and complaints from U.S. companies about IP theft

January 2018
The U.S. announces a 30% tariff on imported solar panels and taxes on large residential washing machines starting at 30%. The U.S. relies heavily on imports of both from China

March 9, 2018
Trump imposes tariffs of 25% on steel imports and 10% on aluminum imports from all nations, including China; the tariffs go into effect on March 23

March 22, 2018
The Section 301 investigation finds that China is engaging in discriminatory trade practices related to technology transfer, intellectual property and innovation

Sources:;"Timeline of the Escalating US-China Trade Dispute," Bloomberg, May 3, 2018; National Journal research, 2018; Chad P. Brown and Melina Kolb, "Trump's Trade War Timeline: An Up-to-Date Guide," PIEE, August 21, 2018; National Journal Research, 2018.

Section 301 U.S.-China Trade Dispute

June 15, 2018
Trump acts on his April threat and imposes tariffs on $50B of Chinese goods: duties on $34B of goods took effect on July 6, while those on a separate list of products worth $16B will apply on August 23

June 15, 2018
China retaliates with tariffs on $50B of U.S. goods, targeting U.S. agricultural products and manufactured goods

July 10, 2018
Trump escalates the dispute by announcing 10% tariffs on an additional $200B of Chinese goods; the tariffs will take September 24

July 6, 2018
List 1 tariffs go into effect: U.S. and China impose tariffs on $34B of imports

July 20, 2018
Trump threatens tariffs on all U.S. imports from China, which would cover the remaining $262B of the $504B of Chinese goods imported to the U.S. in 2017

August 3, 2018
China threatens duties of 5-25% on $60B of U.S. goods after Trump threatened to raise proposed tariff rates on $200B of Chinese goods from 10% to 25%

August 23, 2018
List 2 tariffs go into effect: U.S. and China impose tariffs on the remaining $16B of imports

September 17, 2018
Trump announces that the tariff will increase from 10% to 25% on January 1, 2019

September 24, 2018
List 3 tariffs go into effect: U.S. imposes tariffs on $200B of Chinese imports and China imposes tariffs on $60B of U.S. imports

December 1, 2018
Trump and Xi Jinping meet at the G20 summit, but it is unclear if a tariff deal was reached

March 1, 2019
U.S. tariff rate on List 3 Chinese imports increases from 10% to 25% if no deal reached

Will Trump propose a List 4?

On September 17, the Trump Administration threatened to impose tariffs on all remaining Chinese imports —$267 billion worth of goods — if China takes retaliatory action against U.S. farmers and other industries, or if the two countries cannot make a deal.

Sources:;"Timeline of the Escalating US-China Trade Dispute," Bloomberg, May 3, 2018; National Journal research, 2018; Chad P. Brown and Melina Kolb, "Trump's Trade War Timeline: An Up-to-Date Guide," PIEE, August 21, 2018; Chad P. Brown & Melinda Kolb, "Trump's Trade War Timeline: An Up-to-Date Guide," *Peterson Institute for International Economics*, September 24, 2018; National Journal Research, 2018.

China Retaliated Against the Section 301 and Section 232 Tariffs

The Section 301 U.S. tariffs affect about $50 billion of Chinese products

U.S. tariffs on $34 billion of Chinese products (List 1) were applied on July 6, 2018

Tariffs on another $16 billion of Chinese products (List 2) were applied on August 23, 2018

Automobiles	Industrial machinery	Electronic equipment	Medical devices	Antennas	Motorcycles	Plastics
25%	25%	25%	25%	25%	25%	25%

China imposed retaliatory tariffs on $50 billion of U.S. products

Chinese tariffs on $34 billion of U.S. products were applied on July 6, 2018

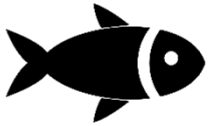
Tariffs on another $16 billion of these U.S. products were applied on August 23, 2018

Soybeans	Meat	Seafood	Electric vehicles	Coal	Chemicals	Automobiles
25%	25%	25%	25%	25%	25%	25%

Sources: "USTR Issues Tariffs on Chinese Products in Response to Unfair Trade Practices," USTR, June 15, 2018; Bob Davis, "China Issues Retaliatory Tariffs as Trade Fight heats Up, The Wall Street Journal, June 15, 2018.; US business leaders warn on impact of Trump tariffs," Financial Times, June 18, 2018; "Trump Eyes Even Higher Tariffs as Trade War With China Escalates," Bloomberg, July 6, 2018; National Journal Research, 2018.

U.S. Tariffs on Additional $200 Billion of Chinese Products - List 3

10% tariffs apply to Chinese products starting September 24, 2018 and may increase to 25% starting March 1 , 2019



Fish/seafood

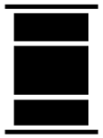
Whey products

Grains

Fruits & vegetables

Tobacco

Metal ores

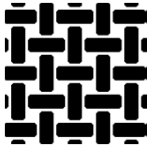


Oils

Printing ink

Pesticides and fungicides

Suitcases & handbags



Textiles

Clothing

Sources: CNBC, 2018; National Journal Research, 2018.

China Retaliates Against List 3 with Tariffs on Additional $60 Billion of U.S. Goods

New tariffs went into effect on September 24, 2018 and range from 5% to 25%

Airplanes

Computers

Natural gas

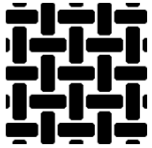
Coffee beans

Meat

Wine

Chemicals

Deodorant



Textiles

Sources: CNBC, 2018; National Journal Research, 2018.

Section 301 Product Exclusion Processes

- Between July and September 2018, the U.S. enacted Section 301 tariffs on **three lists** of products imported from China
- Any interested party, including companies and trade associations, is eligible to submit exclusion requests

The **exclusion request criteria include:**

1) Whether the product is available only from China
2) Whether increased duties would cause severe economic harm to the requester or other U.S. interests
3) Whether the particular product is strategically important or related to "Made in China 2025" or other Chinese industrial programs

List (date effective)	90-day submission period	Response period	Exclusion decision
List 1 (7/6/2018): 818 tariff lines/$34B worth of Chinese products	• July 6 - Oct. 9, 2018 • Submissions must include information on the product and the rationale for the requested exclusion based on three exclusion criteria	• The public had 14 days to file responses to the request • For every response, the requester or other stakeholders could reply within 7 days after the conclusion of the 14-day response period	• Granted periodically for requests submitted no later than Oct. 9 • If USTR grants an exclusion, it goes into effect dated back to July 6, 2018 and is valid for one year from publication of the exclusion determination
List 2 (8/23/2018): 284 tariff lines/$16B worth of Chinese products	• Sept. 17 - Dec. 18, 2018 • Same information required as List 1; additionally, details on cost and sales data for Chinese imports	Same response period as List 1	• Granted periodically for requests submitted no later than Dec. 18 • If USTR grants an exclusion, it goes into effect dated back to Aug. 23, 2018 and is valid for one year from publication of the exclusion determination
List 3 (9/24/2018): ~6,000 lines/$200B worth of Chinese products – Product exclusion process not yet announced			

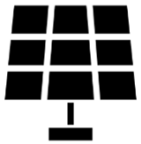
Sources: "FRN Exclusion Process," USTR, July 11, 2018; "FRN Exclusion Process," USTR, September 18, 2018; National Journal Research, 2018.

Section 201 Tariffs on Solar Panels and Washing Machines

The tariffs cover $8.5 billion in imports of solar panels and $1.8 billion in imports of washing machines

Washing machines

20%



Solar panels

30%

Washing machine tariffs	Year 1	Year 2	Year 3
First 1.2 mn imported washers	20%	18%	16%
Subsequent imported washers	50%	45%	40%
Tariff on washer parts	50%	45%	40%

Solar panel tariffs	Year 1	Year 2	Year 3	Year 4
Solar cells and modules	30%	25%	20%	20%

Timeline of events regarding the solar panel and washing machine tariffs

May 2017

ITC launches a Section 201 investigation into the impact of increased solar cell and module imports on U.S. manufacturers

June 2017

ITC launches a Section 201 investigation into the impact of increased washing machine imports on U.S. manufacturers

January 2018

Trump imposes tariffs on imports of solar cells and modules and washing machines; tariffs go into effect on February 7, 2018

May 2018

South Korea challenges the solar panel and washing machine tariffs, claiming they violate WTO rules

Sources: Chad P. Brown and Melina Kolb, "Is Trump in a Trade War? An Up-to-Date Guide," PIIE, June 15, 2018; Keith Collins, "All the Threats and Tariffs in the U.S.- China Trade Conflict," The New York Times, June 15, 2018; Erica York, "President Trump approves Tariffs on Washing Machines and Solar Cells," Tax Foundation, January 30, 2018; National Journal Research, 2018.

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