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Overview of 2018 U.S. Tariffs

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During 2018, President Trump has ordered three separate tariffs on products imported into the United States:

- Section 201 “safeguards” for importations of large residential washing machines and solar panels;
- Section 232 tariffs for importation of steel and aluminum; and
- Section 301 tariffs on certain products imported from the People’s Republic of China.

The President’s various tariff orders may be confusing for importers based in the United States and their overseas suppliers. This advisory summarizes each of the tariffs initiated in the first quarter of 2018.

WASHING MACHINES AND SOLAR PANELS

These tariffs took effect on February 7, 2018 and will continue for four (4) years for solar panels and three (3) years for washing machines. In the first year, washing machines will be subject to a 20% tariff for the first 1.2 million imported machines, and a 50% tariff on subsequent machines. Washing machine parts are subject to a 50% tariff, once total imports of washing machine parts has exceeded 50,000 units. Solar panels will be subject to a 30% tariff in the first year. Both tariffs will decrease each year until they are phased out.

The tariffs affect imports from all countries, except developing countries who are World Trade Organization (WTO) members and listed as such on the U.S. Harmonized Tariff Schedule. The U.S. Trade Representative has published guidance on those seeking exemptions from some of the effects of the tariffs.

STEEL AND ALUMINUM

These tariffs took effect on March 23, 2018 and impose additional duties of 25% on steel and 10% on aluminum imported into the U.S. from all countries except:

- Mexico
- Canada
- Brazil
- Australia
- South Korea
- The European Union

These country exemptions will expire May 1 unless the relevant national authorities conclude bilateral agreements with the U.S. on trade or security. The Secretary of Commerce has published regulations for those wishing to request product-specific exemptions from these tariffs. Importers should be mindful that it is the origin of the goods rather than the location of the seller that will trigger exemptions to these tariffs. In addition,

existing antidumping and countervailing duties on imports of steel and aluminum from China, and certain other countries, will continue to be in effect in addition to the new Section 232 tariffs.

CHINESE IMPORTS

President Trump has directed the U.S. Trade Representative (USTR) to publish a list of Chinese products that will be penalized and the applicable import tariffs that will be imposed. The USTR published a list of approximately 1,300 categories of proposed Chinese products and a proposed 25% tariff. Commentators anticipate that the effect of the tariffs will be significant. Considering China's share of many U.S. importers' supply chains, it will be important for importers to verify which products and components may be affected.

This third raft of tariffs is being imposed ostensibly because of a number of unfair Chinese policies that put American intellectual property rights owners at a disadvantage. The same Chinese policies put all foreign IP rights holders at some disadvantage, although only the U.S. has moved to impose direct trade sanctions against China.

GENERALIZED SYSTEM OF PREFERENCES (GSP)

President Trump has also reenacted the U.S. GSP program. This program allows duty-free access to certain products originating in developing countries. Many exporters to the U.S. utilize factories in GSP countries in their supply chains to lower their U.S. import duties. The GSP program had expired on December 31, 2017. Importers can now apply for refunds for GSP goods imported between January and March 2018, and can make use of GSP duty-free status for some of their imports until 2021.