



NAFTA 2.0 AND CHINA TRADE UPDATE

The rapidly-changing world of U.S. trade policy continues to race along. The G-20 meeting last weekend in Buenos Aires, Argentina produced significant developments on U.S. trade with Canada, Mexico, and China:

1. **USMCA (NAFTA 2.0).** The leaders of the U.S., Mexico, and Canada signed the U.S.–Mexico–Canada Agreement (USMCA) on November 30, but the agreement still needs to be implemented. Implementation timing and strategy is not set, but there have been indications that President Trump will initiate a process to withdraw from NAFTA. Implementation of the USMCA may not occur until 2020, so clients should still be preparing blanket 2019 NAFTA Certificates of Origin as usual. Clients should also be closely examining the USMCA [text](#) to identify differences. There are numerous changes and omissions that could impact producers, exporters, and importers. Contact [Brian Murphy](#) or [Sean Murray](#) with questions on the USMCA changes.
2. **December 18, 2018 Deadline for China Section 301 List 2 Product Exclusions.** Product-specific Exclusion Requests to exclude individual products on Section 301 List 2 (i.e., 279 8-digit HTSUS provisions) from the 25% additional duties are due by December 18, 2018. 83 [Fed. Reg. 40823](#) (Aug. 16, 2018). These Exclusion Requests may be the last way for companies to avoid the 25% additional duties on List 2 Chinese products. People who had not filed Exclusion Requests on List 1 products contacted the Firm after the filing deadline on List 1 products to ask about ways to avoid the duties. One of the best potential options to mitigate List 2 duties is to file an Exclusion Request before the December 18 deadline. Contact [Sean Murray](#) with questions or for assistance.
3. **China Trade Policy/List 3 Duty Increase.** The 10% additional duties on List 3 products (6,031 8-digit HTSUS provisions) were scheduled increase to 25% on January 1, 2019. 83 [Fed. Reg. 47974](#) (Sept. 21, 2018); CSMS [#18-000554](#) (Sept. 21, 2018). However, the agreement reached in Buenos Aires over the weekend between President Trump and President Xi has delayed the increase for 90 days. Details on the agreement are unclear, and it will be important to scrutinize the text of the actual agreement when it is issued. At the very least, it diffuses tensions for 90 days before they ratchet up again. Of great importance to many clients, White House National Economic Council Director Larry Kudlow has said that he does not expect an exclusion process to be established for the Section 301 List 3 products while the U.S. and China continue to negotiate a broader settlement. This should

encourage all impacted companies to continue to investigate strategies to mitigate the impact of the duties.

Please contact [Marshall Miller](#), [Sean Murray](#), or [Brian Murphy](#) with questions or for assistance in filing Exclusion Requests on China Section 301 List 2 products by the December 18 deadline.

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