



U.S.-CHINA PHASE ONE TRADE AGREEMENT DECEMBER 13, 2019

On December 13, 2019, the U.S. Trade Representative (USTR) [announced](#) a “Phase One” trade agreement between the U.S. and China. Under the agreement, China Section 301 List 4B 15% duties scheduled for December 15, 2019 will not go into effect. A separate [Federal Register](#) notice is expected on this issue. The U.S. will also reduce China Section 301 duties from 15% to 7.5% for China-origin merchandise on List 4A. There is no scheduled date for the reduction of the China Section 301 List 4A duty rate to 7.5% and the USTR statement makes no reference to retroactivity for this reduction. The existing 25% duty rate for China Section 301 Lists 1, 2, and 3 will remain unchanged at this time.

Clients should be considering strategies to defer or delay Customs Entry/Cargo Release for merchandise on China Section 301 List 4A until the reduction is implemented. Upon U.S. arrival, clients may defer entry or FTZ admission up to fifteen (15) days to potentially take advantage of the lower China Section 301 List 4A rate of 7.5% when officially implemented. FTZ clients that can delay shipments from zones should do so.

In return for this reduction in China Section 301 duties, China has agreed to unspecified structural reforms in the areas of intellectual property, technology transfer, agriculture, financial services, currency, and foreign exchange. The text of the agreement is not yet available, and we will forward the text of the agreement when available. Negotiations on a “Phase Two” agreement are scheduled to begin immediately with no timetable for completion.

Please contact [Marshall Miller](#), [Brian Murphy](#), [Sean Murray](#), or [Ryan Thornton](#) with questions or for detailed guidance and assistance.

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