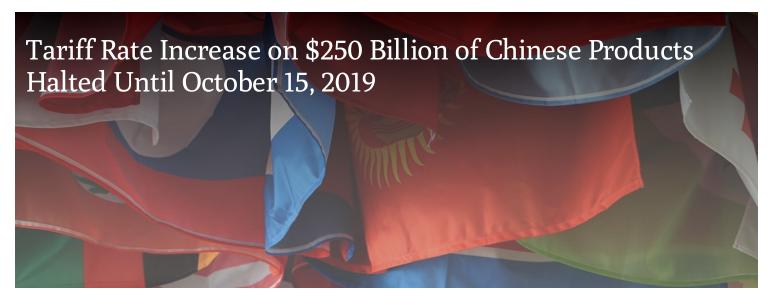


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SEPTEMBER 17, 2019

On September 11, 2019, President Donald Trump announced <u>via Twitter</u> that "as a gesture of goodwill," the tariff rate increase on \$250 billion worth of Chinese products, which was previously scheduled for October 1, would be pushed back to October 15. President Trump's actions were in response to China's Tariff Commission of the State Council's <u>announcement</u> that it will exempt 16 types of U.S. imports from additional tariffs, effective from September 17, 2019, through September 16, 2020.

The products exempt from additional Chinese tariffs consist of animal feeds, pesticides, lubricants, and shrimp and prawn seedlings. Tariffs already imposed on the <u>first list's</u> 12 products will be refunded, but tariffs levied on the four goods in the <u>second list</u> are not refundable.

The President's announcement comes in the wake of the Office of the U.S. Trade Representative and Chinese Vice-Premier Liu He's respective statements that they will hold trade talks in the coming weeks. This will be the first official negotiating round since the two governments met in July. After the July talks, President Trump proposed adding a 10% tariff onto an additional \$300 billion of Chinese goods, a move which would effectively result in a tariff rate increase on all Chinese origin products. This prompted China to add its own new tariffs targeting \$75 billion of U.S. goods. The White House responded with a new escalation by raising the pending tariff increase on the \$300 billion worth of products from 10% to 15% and raising the existing 25% duty on \$250 billion worth of Chinese goods to 30% effective October 1. President Trump's 15-day delay appears as a hopeful sign for trade negotiations, but it is still unclear how trade talks will unfold.

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