

Report on Supply Chain Compliance Volume 3, Number 4. February 20, 2020 United States Trade Representative denies majority of requests for exemptions from tariffs

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Since the United States began imposing tariffs on Chinese goods in early 2018, thousands of requests have poured into the Office of the United States Trade Representative (USTR) asking for exemptions. The USTR has granted

fewer and fewer exemptions as the trade war continued, according to a <u>report</u> from *The Wall Street Journal*,^[1] which may be because of the goods covered under the most recent rounds of tariffs.

"Trump administration officials are granting fewer exemptions to tariffs on Chinese imports, with the approval rate recently plunging to 3% in the third round of levies from 35% in the first two," the article states. The drop may be related to the fact that initial tariffs targeted components and materials that are not readily available outside China, whereas the last rounds of tariffs target goods that companies should be able to source from other countries or find domestically.

The process for filing exemptions is available on the USTR website. Although several thousand requests have been filed, companies at this point are still not quite certain how the USTR decides which requests are granted and which are denied. One company, Arrowhead Engineered Products Inc., has filed more than 10,000 requests after receiving advice to "be as detailed as possible." The deadline for requests for the most recent round of tariffs was Jan. 31, 2020; decisions on those requests are pending and, according to the USTR, <u>staff can evaluate</u> each request in roughly 2.5 hours.^[2]

<u>1</u> Antjony Debarros and Josh Zumbrun, "Trump Administration Denying More Tariff-Exemption Requests," *The Wall Street Journal*, February 3, 2020 <u>https://on.wsj.com/20IqI09</u>.

<u>2</u> Agency Information Collection Activities; Request for Comments—Renewal of the Collection of Information Titled '301 Exclusion Requests,' 84 Fed. Reg. 43,853 (August 22, 2019) , <u>http://bit.ly/39rZl2D</u>.

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