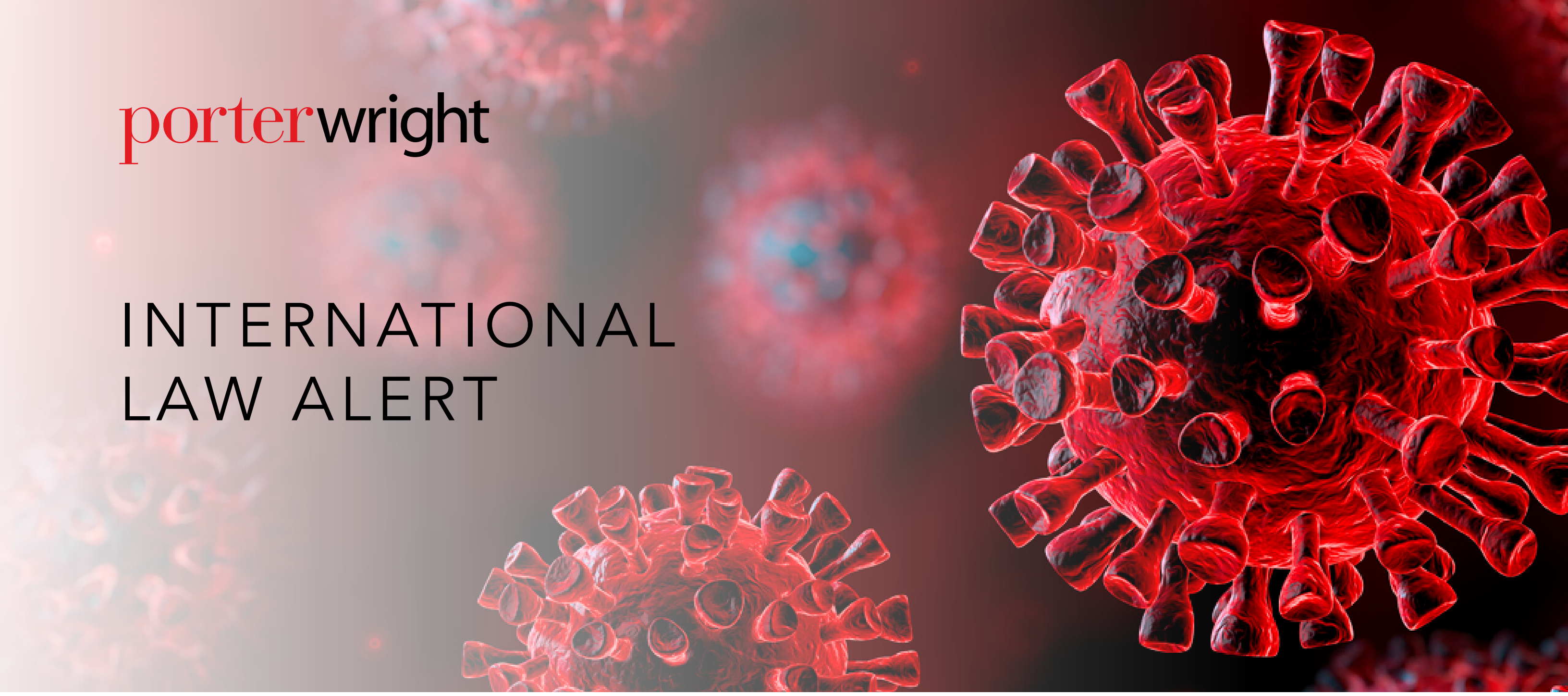

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U.S. announced tariff exemption for certain medical and sanitary products of China origin in response to coronavirus

The United States Trade Representative (USTR) announced in its Notice on March 10, 2020, that certain medical and sanitary products of Chinese origin will be exempt from Section 301 tariffs, effective immediately until Sept. 1, 2020. Prior to this recently announced exemption, medical products were subject to a Section 301 tariff as high as 15 percent.

This exemption list includes certain medical and sanitary products in high demand during the coronavirus pandemic, such as soap, laboratory equipment, sanitary articles (e.g., face masks, hand sanitizer, disinfection wipes and sprays), rubber gloves, surgical drapes, nonwoven apparel designed for use in hospitals, and certain other medical wares. All products categorized under the 10-digit HTSUS numbers listed in the Annex of the Notice will be exempted, regardless of whether a company filed for an exclusion request. Companies should examine the relevant HTSUS classifications for their products to ensure qualification for the exemption.

While the USTR did not expressly identify the ongoing coronavirus outbreak in the U.S. or national healthcare needs as the reason for the new exemptions, the USTR explained that a prime consideration was whether a particular product is only available from China. Given the global spread of the coronavirus, the lack of supply for identified products in the U.S., and China's vast production of products in response to the coronavirus outbreak within China, it is not hard to understand the reason behind the exemption.

Most importantly, the new exclusions are retroactive in nature so that importers can seek refunds of the Section 301 tariffs that they have paid porterwright

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for products on the exemption list dating back to Sept. 1, 2019. U.S. Customs and Border Protection issued guidance instructing importers seeking to request a refund that they may "file a Post Summary Correction (PSC) if within the PSC filing timeframe. If the entry is beyond the PSC filing timeframe, but within 180 days of the liquidation action, importers may protest the liquidation." Thus, it is very important for companies to carefully evaluate their past imports to identify any products that fall under the exemption list and to accordingly file their PSC request within the allowed timeframe.

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