



[Billing Code 3290-F0]

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation

AGENCY: Office of the United States Trade Representative.

ACTION: Notice of modification of action.

SUMMARY: In accordance with the direction of the President, the U.S. Trade Representative has determined to modify the action being taken in this Section 301 investigation by suspending, until further notice, the additional duty of 15 percent on certain products of China, scheduled to take effect December 15, 2019.

DATES: Effective 12:01 a.m. eastern standard time on December 15, 2019, the additional duties scheduled to go into effect at that time, as set out in Annex C of the notice published at 84 FR 43304, are suspended until further notice.

FOR FURTHER INFORMATION CONTACT: For questions about this notice, contact Associate General Counsel Arthur Tsao, Assistant General Counsel Philip Butler, or Director of Industrial Goods Justin Hoffmann at (202) 395-5725. For questions on customs classification or implementation of additional duties, contact traderemedy@cbp.dhs.gov.

SUPPLEMENTARY INFORMATION:

A. Prior Determinations in the Investigation

For background on the proceedings in this investigation, please see the prior notices issued in this investigation, including 82 FR 40213 (August 24, 2017), 83 FR

14906 (April 6, 2018), 83 FR 28710 (June 20, 2018), 83 FR 33608 (July 17, 2018), 83 FR 38760 (August 7, 2018), and 83 FR 40823 (August 16, 2018), 83 FR 47974 (September 21, 2018), 83 FR 49153 (September 28, 2018), 84 FR 20459 (May 9, 2019), 84 FR 43304 (August 20, 2019), and 84 FR 45821 (August 30, 2019).

On August 20, 2019, the U.S. Trade Representative, at the direction of the President, determined to modify the action being taken in the investigation by imposing an additional 10 percent *ad valorem* duty on products of China with an annual aggregate trade value of approximately \$300 billion. See 84 FR 43304 (August 20, 2019) (the August 20 notice). The tariff subheadings subject to the 10 percent additional duties were separated into two lists with different effective dates. The list in Annex A had an effective date of September 1, 2019. The list in Annex C had an effective date of December 15, 2019.

Subsequently, at the direction of the President, the U.S. Trade Representative determined to increase the rate of the additional duty applicable to the tariff subheadings covered by the action announced in the August 20 notice from 10 percent to 15 percent. See 84 FR 45821 (August 30, 2019).

B. Determination to Modify Action

The Section 301 statute (set out in Sections 301 to 308 of the Trade Act) (19 U.S.C. 2411–2418) includes authority for the U.S. Trade Representative to modify the action being taken in an investigation. In particular, Section 307(a)(1) authorizes the U.S. Trade Representative to modify or terminate any action taken under Section 301, subject to the specific direction, if any, of the President, if the burden or restriction on United States commerce of the acts, policies, and practices that are the subject of the action has

increased or decreased, or the action is being taken under Section 301(b) and is no longer appropriate.

The United States is engaging with China with the goal of obtaining the elimination of the acts, policies, and practices covered in the investigation. On December 13, 2019, following months of negotiations, the United States and China reached a historic and enforceable agreement on a Phase One trade deal that requires structural reforms and other changes to China's economic and trade regime, including with respect to certain issues covered in this Section 301 investigation.

In light of progress in the negotiations with China, and at the direction of the President, the U.S. Trade Representative has determined that the action announced on August 20, as modified by the August 30 notice, is no longer appropriate. Specifically, and in accordance with the President's direction, the U.S. Trade Representative has determined to suspend indefinitely the imposition of additional duties of 15 percent on products of China covered by Annex C of the August 20 notice, which otherwise would have been effective on December 15, 2019.

Furthermore, in light of the progress in the negotiations, the U.S. Trade Representative expects to issue in the near future a notice reducing the rate of additional duty applicable to the products of China covered by Annex A of the August 20 notice.

The U.S. Trade Representative's decision to modify the action being taken in this investigation takes into account the extensive comments and testimony previously provided in connection with the August 20 modification.

To give effect to the U.S. Trade Representative's decision, the additional duties set out in Annex C of the August 20 notice, as modified by the August 30 notice, are

suspended indefinitely, as of the planned effective date of 12:01 a.m. eastern standard time on December 15, 2019. The additional duties that were provided for in heading 9903.88.16 of the Harmonized Tariff Schedule of the United States (HTSUS) and U.S. notes 20(t) and 20(u) to subchapter III of chapter 99 of the HTSUS and that were scheduled to take effect on December 15, 2019 are hereby suspended indefinitely.

The U.S. Trade Representative will continue to consider the actions being taken in this investigation. In the event that further modifications are appropriate, the U.S. Trade Representative intends to take into account the extensive comments and testimony previously provided.

Joseph Barloon
General Counsel
Office of the U.S. Trade Representative.
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