

[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 reducing the rate of additional duty on certain products of China from 15 percent to 7.5 percent.

DATES: Applicable as of 12:01 am Eastern Standard Time on February 14, 2020, the rate of additional duty will be 7.5 percent for products covered by Annex A of the August 20, 2019 notice (84 FR 43304).

FOR FURTHER INFORMATION CONTACT: For questions about this notice, contact Assistant General Counsels Philip Butler or Susie Park, 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), 84 FR 45821 (August 30, 2019), and 84 FR 69447 (December 18, 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).

On December 18, 2019, at the direction of the President, the U.S. Trade Representative determined to suspend indefinitely the imposition of the additional 15 percent *ad valorem* duty on products covered by Annex C of the August 20 notice. *See* 84 FR 69447 (December 18, 2019).

B. Determination to Modify Action

The Section 301 statute, which is set out in Sections 301 to 308 of the Trade Act of 1974 (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 being taken under Section 301(b) and no longer is 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 an 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. The United States and China signed the phase one agreement on January 15, 2020, and the agreement is scheduled to enter into force 30 days thereafter on February 14, 2020.

In light of the scheduled entry into force of the phase one agreement, and at the direction of the President, the U.S. Trade Representative has determined that the action announced on August 20, 2019, as modified by the August 30 notice, no longer is appropriate. Specifically, and in accordance with the President's direction, the U.S. Trade Representative has determined to reduce the level of additional duties from 15 percent to 7.5 percent on products of China covered by Annex A of the August 20 notice, effective February 14, 2020.

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.

The Annex to this notice amends the Harmonized Tariff Schedule of the United States (HTSUS) to provide that the additional duties for the products covered in Annex A of the August 20 notice will be reduced to 7.5 percent.

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.

ANNEX

Effective with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 am Eastern Standard Time on February 14, 2020, subchapter III of chapter 99 of the Harmonized Tariff Schedule of the United States is modified:

1. By amending U.S. Note 20(r), as established by the U.S. Trade Representative in a determination contained in 84 FR 43304 (August 20, 2019), and as modified by 84 FR 45821 (August 30, 2019), by deleting “15 percent” each place that it appears, and inserting “7.5 percent” in lieu thereof; and

2. By amending the Rates of Duty 1-General column of heading 9903.88.15, as established by the U.S. Trade Representative in a determination contained in 84 FR 43304 (August 20, 2019), and as modified by 84 FR 45821 (August 30, 2019), by deleting “15%”, and inserting “7.5%” in lieu thereof.

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