



December 6, 2018

Tariff Update

List 3 Increase in Tariffs Suspended for 90 Days

The outcome from last weekend's Buenos Aires G20 Summit between President Trump and President Xi:

The US has agreed to a 90-day *suspension* of the scheduled increase in Section 301 tariffs from the current 10% to an increased 25% on List 3 goods.

During the 90-day period, the U.S. and China will attempt to negotiate structural changes to China's economy that will address U.S. concerns regarding China's intellectual property and technology transfer policies which underlie the current Section 301 case.

This is **GOOD NEWS** if: you have products that are subject to Section 301 duties under List 3, there is no immediate increase of tariffs.

But the **BAD NEWS** is: this may be only a temporary reprieve. If no agreement can be reached by the end of the 90-day period, then the 10% duties will increase to 25%. The start date of the 90-day window began on December 1, 2018 (not January 1, 2019, as originally was reported).

We believe that this agreement likely that The Office of The United States Trade Representative (USTR) will announce an exclusion process for List 3 goods. We also believe that the USTR has taken the position that 10% duties are not sufficiently onerous to warrant an exclusion process. So, it's unlikely that the USTR would announce an exclusion process for List 3 goods on or around January 1... and they've remained silent about the possibility of an exclusion process so far.

The pressure on USTR to implement an exclusion process will most likely ease up as the increase to a 25% duty has been postponed or may not happen if an agreement is reached. Given USTR's silence, however, no one at this time is sure what it will do with respect to List 3 exclusions.

For the most up to the minute information as it is released by the US Government, please go [here](#).

Our team of dedicated AmerCareRoyal employees, living and travelling overseas are working with our manufacturing partners to ensure our supply chain is minimally impacted. We are considering strategic options to minimize the effect of these tariffs on our customers. As we receive new information around tariff impacts, we will keep you informed.

Thank you for your business!

A handwritten signature in black ink that reads "Nick Lavandusky". The signature is fluid and cursive.

Director of Marketing
AmerCareRoyal