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"WHEN THE TIDES OF TRADE SHIFT, WE'RE YOUR COMPASS."

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CBP Releases Guidance on the Implementation of Section 232 for Medium- and Heavy-Duty Trucks, Parts, and Buses

Late Wednesday, October 29, Customs and Border Protection released a [CSMS message](#) detailing guidance for the implementation of Section 232 duties on Medium- and Heavy-Duty Trucks, parts, and buses.

The lengthy CSMS message contained tariff headings, rates, and other relevant information regarding the new duties which will go into effect on November 1. The CSMS message also contained new guidance for the importation of parts of passenger vehicles and light trucks as it relates to the import offset adjustment for vehicles that will be produced or repaired in the United States.

One notable change, as of November 1, only direct identification and substitution manufacturing drawback will be available for the additional Section 232 duties pursuant to [Proclamation 10984](#) and [10908](#). No other form of drawback may be claimed. This applies to goods subject to headings 9903.74.08, 9903.74.09, 9903.94.05, 9903.94.07, 9903.94.32, 9903.94.33, 9903.94.43, 9903.94.45, 9903.94.53, and 9903.94.55

Presidential Talk with China Proves Positive, Potential Changes Coming on Both Sides

In speaking with reporters while aboard Air Force One after meeting with Chinese President Xi Jinping in Korea, President Trump has stated that he will be lowering the fentanyl tariffs on Chinese goods by 10%. Reporters also asked about the fees on Chinese ships when arriving at U.S. Ports and U.S. Trade Rep Jamieson Greer has indicated that those fees will be postponed while the U.S. and China continue to negotiate.

During the meeting with the U.S. China has also indicated that it would be making some changes, namely that the implementation of their export licensing scheme for rare earth materials will be postponed.

As of yet, none of these changes have been confirmed through executive orders or proclamations but the situation remains hopeful. We will keep an eye on these developments and will notify you of any changes.

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USTR's Section 301 Investigation of China's Phase One Implementation is Suspended

Last week we reported on the Office of the U.S. Trade Representative (USTR) initiating a Section 301 investigation into China's actions on the implementation of the Phase One Agreement. During President Trump's meetings with China's President Xi, the issues were discussed and that investigation has been suspended. New commitments were made to the original promises of the Phase One Agreement as well as other commitments made regarding other issues that have caused tensions between the two countries.

We are looking at possible reductions of the 20% fentanyl to 10% and that the IEEPA tariff rate will remain at 10% under an extended pause. The U.S. will suspend the fees on China owned or built ships. China has made commitments to refrain from its recent announcement to increase retaliatory tariffs on U.S. products and to suspend the expanded export controls on rare earth minerals and to purchase substantial agriculture products. They are all part of agreements that have been agreed to verbally but not put down in formal writing yet. We will be looking for further announcements on the progress that follows such meetings.

Senate Votes to End Reciprocal Tariffs, Canada Tariffs

The Senate has recently voted to terminate the national emergencies for both the IEEPA Reciprocal tariffs and the IEEPA Fentanyl tariffs on Canada. The vote against the Reciprocal tariffs was 51-47 in favor of terminating the emergency. In the vote against the IEEPA Fentanyl tariffs for Canada, the vote was 50-46 in favor of terminating the emergency.

However, the scant majority of both votes is nowhere near the level of majority needed to override a presidential veto. House Republicans have also blocked a vote in that chamber to terminate any of the IEEPA emergencies making it difficult to achieve a successful termination. Opponents of the IEEPA tariffs must wait another six months before making another move to rescind these emergencies. Once six months have passed, another vote can be initiated.

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