Chinese Tariff Exclusion Process

U.S.–China Business Council Translation of PRC Announcement

When: Released May 13, 2019
Who: State Council Customs Tariff Commission
Purpose: According to applications by stakeholders, the Commission will exclude some products that meet conditions from the scope of ad valorem tariffs on US products, taking exclusion measures such as temporarily not increasing tariffs or returning tariffs collected on qualified products.
Applicants: Stakeholders, including importers, producers, and users that are incorporated in China and their industry associations are qualified to apply. The notice specifically encourages applications from associations
Scope: Products that are still subject to ad valorem tariffs are qualified. Applications will be assessed in two batches. Batch one will be for tariffs on products worth $50 billion. Batch two will be on lists products worth $60 billion. Products covered under temporarily suspended auto tariffs are not eligible.
Application method and timeframe: Stakeholders should fill out an application form at http://gszx.mof.gov.cn. The Commission will accept applications for batch one from June 3 through July 5, and batch 2 from September 2 through October 18. Applications will be by HS code product, and stakeholders should fill out one form per HS code product. If a company applies through an association, it cannot apply independently.
Factors considered: Applications should explain three factors with facts and data: 1) difficulty in seeking alternative sources of goods, 2) how an increase of tariffs will cause serious economic damage to the applicant, 3) how an increase in tariffs will have a major impact on the relevant industries (including impact on industry development, technological development, employment, environmental protection, etc.) or lead to serious social consequences. The Commission will not disclose application information to third parties without the applicant's permission except in cases of government demands or legal and policy reasons.
Notification and effective period: The Commission will review valid applications one by one and conduct investigation and research; solicit opinions of relevant experts, associations, and departments; and issue an exclusion list. No ad valorem tariffs in retaliation for US Section 301 measures will be added to products on the exclusion list within a year of its effective date.
Refunds: For products qualified for a tariff refund, importers should apply to customs within six months of the announcement of the exclusion list. Tariffs already collected on products with canceled or suspended ad valorem tariffs will not be refunded. Products may be qualified for tariff refunds under two situations: 1) The exclusion list excludes the entire HS code, or 2) the product on the exclusion list is part of an HS code and customs has the capability to refund tariffs, for example, by adding a code to the base HS code.