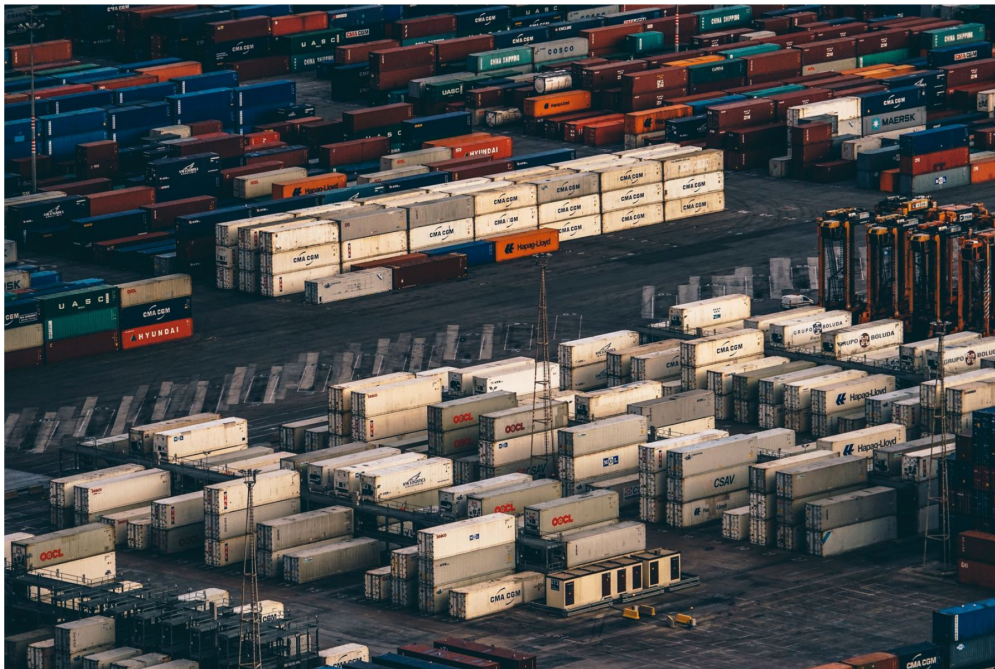


BDP Blog

The US and China: Phase One



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Has Christmas come early for US businesses?

On December 13, the US and Chinese administrations came to an agreement on various items that have been troubling both country's economic and trade programs. We will refer to this agreement as Phase One.

The Phase One agreement is a commitment by both parties that focuses on the areas of intellectual property rights, agriculture, financial services, currency, and foreign exchange.

How does this agreement impact your business in the US?

The US will suspend the items that were listed in Tranche 4(b) – (note this was scheduled to go into effect on December 15, 2019). Additionally, the items that were listed in Tranche 4(a) will be reduced from the current rate of 15% to 7.5%. Tranches 1, 2 and 3 will be impacted as the negotiations continue to start up in 2020.

The USTR has posted a fact sheet for the agreement; click [here](#) to review the areas of interest that have been listed.

China has also suspended tariffs on several of the US goods that are imported to China that were scheduled to go into effect.

If your products were listed on previous lists in China, then most rates remain unchanged at this time. Take the time to review your export goods to understand if Phase One

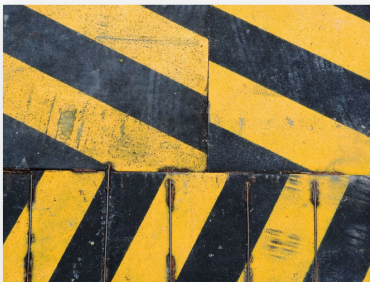
impacts your business at this time, or if you need to wait for further negotiations.

When will these changes take place? No set date has been announced for Phase One and the agreement still needs to be signed. We expect this action to take place at the beginning of January, and we will then need to wait and see the final details of such to set the course for Phase Two.

We will continue to monitor the situation and communicate all changes as the negotiations take place and are agreed upon. In the meantime, should you need any assistance with your imports or exports please do not hesitate to contact me directly.



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