

Tuesday, August 14, 2018

Dear Valued Client,

There has been no shortage of media coverage for the recent executive trade action and policy from the Trump Administration. In recent weeks we have seen policies such as Section 232 and Section 301 tariffs transition from policy to implementation, including increased duty liability for Allports Incorporated clients. Allports Incorporated has remained abreast of these developments and their impact to both our clients and to Allports Incorporated.

We have reviewed historically imported items and cross referenced them against the tariff codes identified in the proposed lists. For those clients impacted, we have attached a report identifying the products previously imported. We are available to assist with questions surrounding your potential duty liability should these commodities be reimported from China under Section 301. Please feel free to reach out to your Allports Incorporated contact, our VP of Import Operations (DeeAnne@allports.com), or our team at (imports@allports.com).

As duty obligations increase, Allports Incorporated may be forced to review invoice terms with our clients. While our invoice terms are Due Upon Receipt unless otherwise stated, our obligation to Customs and Border Protection on behalf of the importer of record is to pay all duty on the 8th day after entry. We appreciate the understanding and continued partnership of our clients as we manage outlaid payments on your behalf.

A brief overview of the timeline of executive trade action follows:

Section 232, commonly referred to as the “Steel and Aluminum Tariffs” which covers importation of steel and aluminum from origins including, but not limited to, China. Importers began seeing increased tariff rates as early as March 23rd, 2018 with increased scope through June 1st, 2018. Approximately 92 tariff classifications are effected.

Section 301- “List 1” covered 818 tariff classifications and came into effect July 6th, 2018. These commodities are now subject to additional 25% rate of duty.

Section 301- “List 2” covers 279 tariff classifications and has completed public comments through the US Trade Registrar. List 2 will become effective August 23rd, 2018.

Section 301- “List 3” contains over 2000 tariff classifications and is currently scheduled for public hearing on August 20-23rd followed by a public comment phase through September 6th. The third list is significantly larger than the two preceding lists and despite initially announced as a 10% duty rate, it is now widely understood to be a 25% duty increase. It is unclear when this list will be made effective, however should it follow the implementation schedule of the first two lists we can expect implementation on or around the beginning of October.

We appreciate your continued confidence in Allports Incorporated and standby ready to assist.

Best wishes,

Allports Incorporated