

Questions and Answers: Tariffs and SCR Catalyst¹

What is a Tariff?

A tariff is “a schedule of duties imposed by a government on imported or in some countries exported goods.”² Tariffs are used to, among other things, protect domestic employment, protect consumers, help so-called infant industries to expand and get more competitive, and national security.³

Tariffs are organized in Harmonized Tariff Schedules of the United States Annotated (HSTA) are managed by the USITC (Office of Tariff Affairs and Trade Agreements) and “it is based on the international Harmonized System, the global system of nomenclature that is used to describe most world trade in goods.”⁴

Why do I need to know about tariffs?

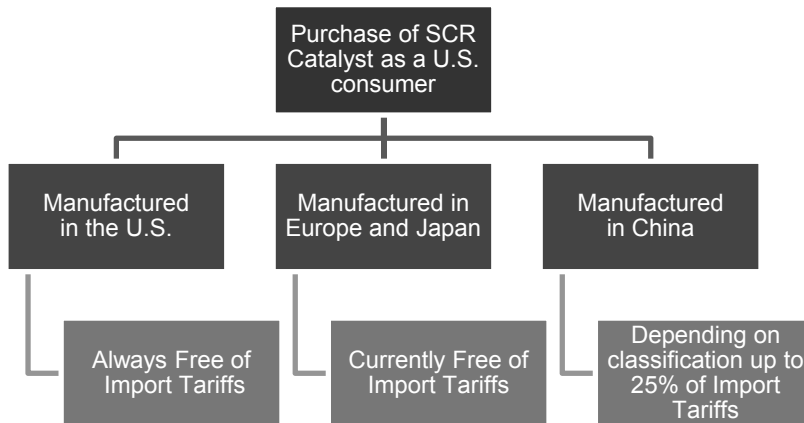
If you purchase an imported product that is currently classified by the Office of the United States Trade Representative (USTR) to have duties imposed, the Importer of Record is responsible for this tax.⁵ If this issue is not addressed appropriately in the purchase agreement, the end-user likely will pay the tariff as part of its proposal/contract price.

Why would tariffs impact my SCR catalyst purchase?

The current major suppliers of SCR catalyst have production facilities in the United States, but also in Austria, Denmark, China and Japan. Depending on where in the world your catalyst is manufactured, tariffs may be applied once the catalyst is imported to the United States. Products produced within the United States are free of tariffs, but foreign products might be impacted.

Which countries are currently impacted by tariffs?

Due to a recent U.S. government policy, if the catalyst you purchase was manufactured in China, you might to be faced with paying up to 25% premium based on the tariffs that are in place.



¹ This document is for informational purposes only and not for the purpose of providing legal advice. You should contact your attorney to obtain advice with respect to any particular issue or problem addressed by this document.

² Merriam Webster: Definition of *Tariff*; <https://www.merriam-webster.com>

³ Investopedia Website, Article: *The Basics of Tariffs And Trade Barriers*; <https://www.investopedia.com/articles/economics/08/tariff-trade-barrier-basics.asp>

⁴ Office of the United States Trade Representative Website, <https://www.usitc.gov/tata/hts/index.htm>

⁵ U.S. Customs and Border Protection Website; Article: *Importing into the United States*; <https://www.cbp.gov/sites/default/files/documents/Importing%20into%20the%20U.S.pdf>

More about tariffs on SCR catalyst imported from China:

SCR catalysts fall under two broad tariff codes in the latest revision of the Harmonized Tariff Schedule, either **3815.19.00** (Defined under Section 3815: Reaction initiators, reaction accelerators, and catalytic preparations; and specifically under 3815.19.00: Supported catalysts consisting wholly of inorganic substances of bismuth, tungsten or vanadium) or **8421.39.4000** (Defined under Section 8421:Centrifuges, including centrifugal dryers, filtering or purifying machinery and apparatus, for liquids or gases; and specifically under 8421.39.4000: Catalytic converters).⁶

On May 29th, 2018 President Trump stated that “\$50 billion of goods imported from China containing industrially significant technology, including those related to the ‘Made in China 2025’ program”⁷ are subject to tariffs including the tariff code 8421.39.4000⁸.

Further, on September 18th, 2018, the USTR released another list of tariff line items (including tariff code 3815.19.00⁹) affecting \$200 billion of Chinese imports, with a 10% tariff taking effect on September 24th, 2018 and a 25% tariff starting January 1st, 2019.¹⁰ In early December 2018, President Trump agreed to not raise tariffs from 10% to 25% for now, and start immediate negotiations of an agreement with China. Should it not come to an agreement within in 90 days “the 10% tariffs will be raised to 25%”.¹¹

How should I handle importation of catalyst to address the tariff questions?

Self-classification of tariff codes is possible, but the United States Customs and Border Protection (CBP) agency suggests using custom brokers or import specialist, or if in doubt the local Port of Entry can answer questions, give guidance of duty rates, or issue binding rulings.¹² Using the incorrect code can be costly, since the CBP has the authority to assess penalties if merchandise is falsely introduced into the commerce of the U.S.¹³

Importers can apply for product exclusions from tariff, which are published under Regulations.gov, should a product only be available in China and not in other countries.¹⁴

⁶ United States International Trade Commission Website; Article: *Official Harmonized Tariff Schedule 2018 and 2018 HTSA Revision 14*; <https://www.usitc.gov/tata/hts/index.htm>

⁷ Office of the United States Trade Representative Website, Article: *USTR Issues Tariffs on Chinese Products in Response to Unfair Trade Practices*; <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/june/ustr-issues-tariffs-chinese-products>

⁸ Office of the United States Trade Representative Website, <https://ustr.gov/sites/default/files/enforcement/301Investigations/List%201.pdf>

⁹ Office of the United States Trade Representative Website; <https://ustr.gov/sites/default/files/enforcement/301Investigations/Tariff%20List-09.17.18.pdf>

¹⁰ Office of the United States Trade Representative Website; Article: *USTR Finalizes Tariffs on \$200 Billion of Chinese Imports in Response to China’s Unfair Trade Practices*; <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/september/ustr-finalizes-tariffs-200>

¹¹ The White House Website; Article: *Statement from the Press Secretary Regarding the President’s Working Dinner with China*; <https://www.whitehouse.gov/briefings-statements/statement-press-secretary-regarding-presidents-working-dinner-china/>

¹² U.S. Customs and Border Protection Website; Article: *Harmonized Tariff Schedule – Determining duty rates*; https://help.cbp.gov/app/answers/detail/a_id/277/~harmonized-tariff-schedule---determining-duty-rates

¹³ U.S. Customs and Border Protection Website; Article: *Customs Administrative Enforcement Process: Fines, Penalties, Forfeitures and Liquidated Damages*; https://www.cbp.gov/sites/default/files/documents/icp052_3.pdf

¹⁴ Office of the United States Trade Representative Website, Article: *USTR Releases Product Exclusion Process for Chinese Products Subject to Section 301 Tariffs*; <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/july/ustr-releases-product-exclusion#>