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New 301 25% Tariffs on Brazil Include New Exemptions, Remove Others

High-purity dissolving pulp and non-pharmaceutical applications of cellulose and phosphoaminolipids won't be exempt from the 25% tariff on some Brazilian goods set to take effect July 22, despite their inclusion on the proposed exemption list, according to a [notice](#) posted to the U.S. Trade Representative website late last night.

The notice also said acai preparations will only be exempt for pharmaceutical purposes, but the annex to the notice includes at least some acai preparations in its lists of goods totally exempt from the tariffs in Annexes I and II.

On the other hand, USTR said it will exempt several new products not on the proposed list, including aluminum hydroxide; antiques, collectibles, and art; ash containing precious metals or precious metal compounds; certain animal hides, furskins, and leather; certain seafood products; certain additional pharmaceuticals and pharmaceutical ingredients; certain wood products; iron and steel waste and scrap; organic honey; pig iron; unflavored instant coffee; and used clothing. The tariffs include no exemption for goods subject to the Section 301 investigation on forced labor, so if those tariffs are finalized at 12.5% on Brazilian goods covered by these 25% tariffs would face a total additional tariff rate of 37.5%.

As announced on a July 15 press call, goods in transit as of the tariffs' July 22 effective date will have a temporary tariff exemption. Such goods must be "loaded onto a vessel at the port of loading and in transit on the final mode of transit" by 12:01 a.m. ET on that date, and entered by 12:01 a.m. on July 29, to benefit, the notice said.

Goods covered by the tariffs will be filed under new subheading 9903.05.01, with a 25% additional rate.

Goods covered by the in-transit exemption will be filed under new subheading 9903.05.02. Exempt goods that face no additional tariff, including oranges, orange juice, beef and coffee, will be filed under subheadings 9903.05.03 if the tariff subheading is fully exempt, and subheading 9903.05.04 if the subheading is partially exempt, such as for acai preparations and juice of subheadings 2008.99.21, 2009.89.70 and 2106.90.99.

New subheading 9903.05.05 applies no additional duty to a list of civil aircraft and parts, and new 9903.05.06 applies no additional duty to a list of goods for use in pharmaceutical applications.

New subheading 9903.05.07 applies no additional duty to goods covered by Section 232 tariffs, including steel, aluminum and copper and their derivatives; autos; medium and heavy-duty trucks; wood products; and semiconductors. After Section 232 tariffs on patented pharmaceuticals take effect July 31, those goods will also face no additional duties under this subheading.

Subheading 9903.05.08 applies no additional duty to humanitarian supplies, and subheading 9903.05.09 applies no additional duty to informational materials.

The notice says that, beginning July 22, foreign-trade zone goods covered by these tariffs must be admitted under privileged foreign status. The notice makes no mention of drawback, but Section 301 goods are generally eligible.

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