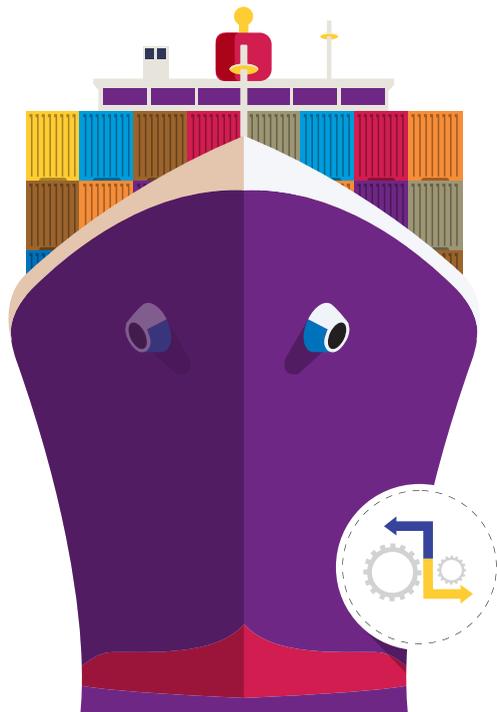


# Trade Tariff Mitigation Planning to Gain an Edge

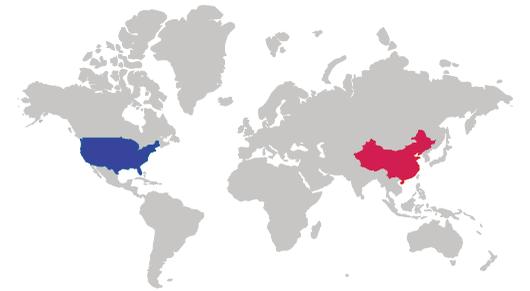
Today's multinational companies must act quickly in response to seismic shifts in the modern global trade landscape. To do so, successful industry leaders are increasingly viewing their companies' trade compliance and supply chain functions not only as important tools for managing risk and assuring compliance, but as key stakeholders in the design of a global business strategy that leverages market disruption into competitive opportunity.

On the reverse side of this sheet, KPMG's Trade and Customs practice introduces several key tariff mitigation and trade management strategies that will help ensure your company outflanks the competition in these tumultuous times.

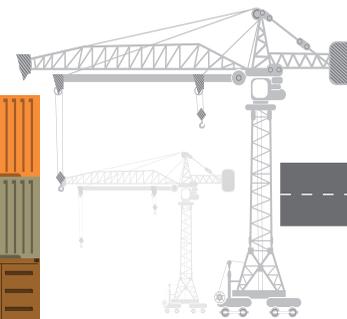


As the U.S. and China continue negotiations, what's certain is that the trade tensions will continue for the medium term. Begin planning now to put your firm on the front foot.

## Section 301 Tariffs on Chinese Imports



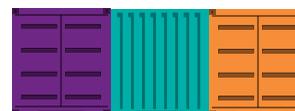
**List 1**  
**818 products**  
**\$34 billion**  
**in imports**



**List 2 – 279 products**  
**\$16 billion**  
**in imports**



**List 3 – 5,745 products**  
**\$200 billion**  
**in imports**



### KPMG's 2019 Global Tariff Mitigation Survey:

Companies implementing strategic tariff mitigation strategies average savings of **59%** on tariffs into the U.S. For more tariff savings statistics, see our full survey results!

**59%**

# KPMG Tariff Mitigation Roadmap

KPMG has developed a range of services to help clients mitigate the impact of trade disruption and rising tariffs...

## Impact Analysis and Tariff Confirmation

Confirmation that classification and origin has been correctly determined is a key first step in assessing Section 301 impact.

### Assess Impact

- Analyze your company's trade data to assess tariff impact and anticipate future risks

### Classification and Origin Review

- Confirm HTS classification and country of origin for your affected products. You may be surprised! Special emphasis for previously duty-free products

## Special Programs to Enhance Efficiency

A variety of special trade programs are available to help importers enhance efficiencies, reduce costs, and mitigate harmful impact of protective tariffs.

### Foreign Trade Zone (FTZ)

- An FTZ warehouse or factory allows for practical cash flow and general trade saving benefits

### Duty Drawback

- Allows for a refund of 99% of duties, including Section 301 duties, for goods imported into the U.S. and subsequently exported or used in manufacture

### Temporary Imports (TIBs)

- TIBs allow for importation free of duty when an item will not enter U.S. commerce and will be exported or destroyed within one year

### Chapter 98 Special Programs

- Variety of special trade programs allowing for reduced duty treatment for specific circumstances and industries

## Tariff Engineering and Country of Origin

By evaluating the manufacturing process throughout the supply chain, importers may potentially be able to avoid Section 301 duties altogether.

### Tariff Engineering

- Minor adjustments to a product's design may potentially cause a change in tariff classification away from Section 301 classifications

### Changing Product Origin

- Careful evaluation of product manufacturing processes may enable importers to shift origin away from China

### Exclusion Requests

- Request a product-based exclusion from the tariffs moving forward and possibly recover refunds for duties previously paid

## Reduce your dutiable value

### First Sale for Export

- If qualifying for this methodology, lower your dutiable value by claiming the manufacturer's price at entry and removing the middle-man's markup

### Cost Unbundling

- Certain costs may be removed from the dutiable value of imported goods, reducing the overall tariff burden

## Driving Organizational Response

Your company's success in adapting to a rapidly changing world will depend on your ability to drive response efforts effectively.

- Develop holistic tariff mitigation plan
- Think ahead and anticipate ripple effects throughout organization
- Build secondary effects into mitigation message
- Develop effective pitch to drive interest
- Identify and approach key stakeholders at all levels

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

