

Alert | International Trade



October 2020

USTR Initiates Two Section 301 Investigations Into Vietnam

On Oct. 2, the United States Trade Representative (USTR) **announced** it has launched two investigations pursuant to Section 301 of the Trade Act of 1974 regarding Vietnam’s acts, policies, and practices with respect to the importation of illegal timber and currency manipulation. Section 301 is the same provision USTR used to enact additional tariffs on products of China.

According to USTR, Vietnamese customs officials **failed to record** the origin of timber imported from Cambodia, Cameroon, and the Democratic Republic of the Congo. This timber may have been illegally harvested or traded and in violation of Vietnam’s domestic laws and international trade rules. Vietnam is one of the world’s largest exporters of wood products; in 2019, Vietnam exported \$3.7 billion in wooden furniture products.

Additionally, USTR is investigating whether the government of Vietnam, through the State Bank of Vietnam and by actively intervening in the foreign exchange market, has **undervalued its currency** – the dong. USTR will consult with the Department of the Treasury in its investigation of Vietnam’s potential currency manipulation.

Should USTR determine that the Vietnamese practices violated Section 301, these investigations may lead to restrictions, such as additional tariffs, on Vietnamese imports. Importers who may be affected by the potential tariffs have until **Nov. 12, 2020**, to submit comments on the investigations.

Comments may be submitted on whether Vietnam's currency is undervalued, Vietnam's actions that may have contributed to the valuation of the dong, the extent to which products imported from Vietnam may have been made from illegal timber, whether Vietnam acted unreasonably, whether U.S. commerce has been burdened by Vietnam's practices, and what, if any, action should be taken.

Should USTR choose to impose additional duties on Vietnamese merchandise, it will publish a list of potential products for the additional tariffs, and there will be an additional opportunity for public comment. The final list of products in the lumber investigation will likely include wood products such as furniture.

Businesses with questions on the effect of these investigations or requiring assistance with comments to be submitted to USTR by Nov. 12, 2020, should work with experienced counsel.

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