



11107 Sunset Hills Road, Suite 310
Reston, VA 20190
(703) 478-2228 • Fax (703) 742-8471
www.appraisers.org

September 6, 2018

The Honorable Robert E. Lighthizer
United States Trade Representative
600 17th St NW
Washington, DC 20508

RE: USTR-2018-0026; Proposed Section 301 Action Related to HTSUS Subheadings 9701.10.00, 9701.90.00, 9702.00.00, 9703.00.00, 9704.00.00, 9705.00.00, and 9706.00.00

Mr. Lighthizer,

The American Society of Appraisers (ASA)¹ is writing to express our concerns with the proposed twenty-five percent tariffs on the above-captioned HTSUS subheadings, and specifically the harm these tariffs will cause to domestic collectors and curators of Chinese art objects relative to the minor impact that the tariffs would have on Chinese activity in these areas. Because of the size of the domestic impact of the proposed tariffs, coupled with the minimal (if any) affect on direct Chinese activity in these subheadings, we ask that the above captioned subheadings be **removed** from any final determination of additional tariffs on Chinese products.

It is worth noting that, unlike many of the other items identified in the current Section 301 action, almost all of the art objects under consideration come into the United States not directly from China, but secondhand from other countries. Indeed, under a 2009 Memorandum of Understanding between the governments of the United States and China, any monumental sculpture or wall art at least 250 years old generally cannot be imported into the US from China. This MOU also blocks the import of cultural and archaeological materials from 907 AD and earlier.

Because of this, the contemplated art objects listed in the Section 301 notice are most likely coming not from China, but from other countries previously in receipt of such items. The tariffs, if implemented, would do very little to affect direct Chinese trade in these objects. Instead, US-based museums and collectors of Chinese art objects would be the ones negatively impacted by the tariffs, both at the time of acquisition through higher transactional costs, as well as through a rapid appreciation of the existing US market for Chinese art. Such value appreciation can not only overheat the market for such objects, but can also lead to increased insurance costs should one of these objects require replacement because of a total loss.

¹ ASA is a professional appraisal organization that teaches, tests, and credentials professional appraisers in all appraisal disciplines, including personal property. ASA specifically offers a personal property specialization in Asian art objects.

Even where a Chinese work is of more modern creation, it is unlikely that the work is directly competing with works created by domestic American artists. Differences in style, subjects, mediums and techniques makes it highly unlikely that an individual with an interest in Chinese art would also be considering modern American works simultaneously. Simply put, there is no competitive protection being afforded domestic artists through the imposition of the proposed tariffs.

We understand the intent of the Section 301 notice is to punish China for trade practices that are unfair towards the United States, its workers, and its consumers. While we cannot speak broadly to whether the Section 301 notice as proposed accomplishes the Administration's goals in this area, we can definitively state that as it pertains to the art objects contemplated in the notice, the tariffs would work to instead punish US institutions and residents, and as such believe that the above-captioned HTSUS subheadings should be **removed** from the final tariff decision.

If you have any questions or wish to discuss our views further, please contact John D. Russell, JD, Senior Director of Government Relations and Business Development, at 703-733-2103, or by email at jrussell@appraisers.org.

Sincerely,
American Society of Appraisers