EXHIBIT F3

HOW TARIFF CALCULATIONS WORK

IMPORT EXAMPLE

A U.S. buyer imports from a Chinese supplier a piece of machinery for preparing meat, costing $5 million. The tariff amount collected by U.S. customs goes to the Treasury's general fund, and the price increases for the consumer.

Before Section 301 Tariffs

$5,000,000	x	2.8%	=	$140,000	$5,140,000
Original Price		Tariff for the Category		Tariff Amount ($5m x .028)	Total Investment (Original Price + Tariff)

With Section 301 Tariffs

$5,000,000	x	27.8%	=	$1,390,000	$6,390,000
Original Price		Tariff for the Category		Tariff Amount ($5m x .278)	Total Investment

+$1.25 million additional lost to machinery buyer.

EXPORT EXAMPLE

Corn valued at $5 million is shipped to China. In 2017, the U.S. exported 811,000 metric tons of corn (32 million bushels) to China, worth $142 million.

** U.S. dollars are used for simplicity, although values would be in Chinese currency.*

*** Normal tariff is 1%, plus the VAT charge of $500,000*

Before Section 301 Tariffs

$5,000,000	x	1%	=	$550,000	$5,550,000
*Original Price		**Tariff for the Category		**Tariff Amount + $500,000 VAT Charge	*Total Investment (Original Price + Tariff)

With Section 301 Tariffs

$5,000,000	x	26%	=	$1,800,000	$6,800,000
*Original Price		**Tariff for the Category		**Tariff Amount + $500,000 VAT Charge	*Total Investment

BACKGROUND ON TARIFFS

Congress has authority under the Constitution to raise and lower tariffs through legislation. It has authorized the President to do so in certain circumstances and to manage much of U.S. trade policy. For example:

Trade Promotion
Trade negotiations under Trade Promotion Authority like free trade agreements (FTAs) and World Trade Organization (WTO) agreements

Section 232
National security

Section 301
Response to unfair trade practices

Anti-Dumping/Countervailing Duties
Response to unfair pricing or subsidization

Preferential Arrangements
Preferential arrangements for developing countries like Generalized System of Preferences (GSP), Caribbean Basin Initiative, African Growth and Opportunity Act (AGOA)

UNDERSTANDING TARIFFS

When a product is imported, U.S. Customs **calculates the tariff, charges importer and collects the funds.**

Once the tariff is paid, the **product moves into the U.S. market.** Typically, the **consumer pays a higher price** for a product subject to a tariff.

Money collected moves to the U.S. Treasury and is used for general expenses. Up to 30% goes to USDA.