Section 301 Tariff Update:

2024 Four-Year Review and 2026 Investigations

Executive Summary

The Section 301 tariff regime on imports from the People's Republic of China (PRC) remains a central pillar of U.S. trade policy and has entered a new phase following completion of the statutory four-year review and the launch of broad new investigations in 2026. The Office of the U.S. Trade Representative (USTR) has finalized targeted tariff increases on strategic sectors such as electric vehicles, batteries, semiconductors, solar products, steel and aluminum, medical goods, and critical minerals, with rate changes phased in between late 2024 and 2026. Parallel actions include a narrowed but active product-exclusion process, short-term extensions of key exclusions into 2025, and new 2026 investigations that could expand tariff coverage well beyond China to multiple major trading partners.

For importers and supply-chain stakeholders, these developments mean that Section 301 duties will not only remain in place for the foreseeable future but could broaden in scope, interact with separate Section 122 surcharges, and continue to reshape sourcing, pricing, and compliance strategies. Companies must proactively map exposure under revised tariff schedules, leverage remaining exclusions, and engage in the 301 investigation and comment process to mitigate risk and influence outcomes.

Background: Section 301 Framework and China Tariffs

Section 301 of the Trade Act of 1974 authorizes the United States to investigate and respond to foreign acts, policies, and practices that are unjustifiable, unreasonable, or discriminatory and that burden or restrict U.S. commerce. The statute allows USTR, after investigation and consultation, to impose duties or other restrictions as a remedy and requires the creation of an administrative record and opportunities for public comment.

Beginning in 2018, the United States imposed four successive tranches of Section 301 tariffs (Lists 1–4A) covering more than 360 billion dollars in annual imports from China, targeting goods linked to concerns over technology transfer, intellectual property, and innovation policies. These actions were implemented in stages and layered additional duties (typically 7.5 percent or 25 percent) on top of normal most-favored-nation (MFN) rates in the Harmonized Tariff Schedule of the United States (HTSUS).

Under Section 307 of the Trade Act, Section 301 actions are subject to a statutory "review of necessity" every four years, during which USTR must assess whether the duties remain appropriate and effective and whether modifications are warranted. If domestic industry requests continuation, the tariffs do not automatically lapse, but USTR is still required to conduct a full review, including public comment and inter-agency consultations.

2022–2024 Four-Year Review Process

USTR initiated the four-year review of the China Section 301 tariffs in 2022 by inviting domestic industries benefiting from the tariffs to request continuation, which they did in significant numbers. The agency then

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opened a public docket in November 2022 to gather broader input on the effectiveness and economic impacts of the tariffs, ultimately receiving roughly 1,500 comments from stakeholders across the economy.

Throughout 2023 and early 2024, USTR and the inter-agency Section 301 Committee conducted meetings with subject-matter experts and reviewed the extensive comment record to assess whether the tariffs had advanced U.S. objectives related to China's technology transfer, intellectual property, and innovation policies and how they had affected U.S. producers, workers, and consumers. This review culminated in a report and a May 2024 proposal to modify, but not terminate, the existing tariff structure.

May 2024 Proposal: Targeted Increases in Strategic Sectors

On May 28, 2024, USTR released proposed modifications to the China Section 301 tariffs, focusing on products deemed critical to national and economic security, clean energy, and key supply chains. Rather than reducing tariffs overall, the proposal maintained the existing lists while layering higher duties on a relatively narrow set of sectors such as electric vehicles, batteries, solar cells and modules, semiconductors, and certain critical minerals and metals.

Advisory and law-firm analyses of the May proposal highlighted that the contemplated increases targeted strategic upstream inputs and advanced-technology products rather than broad consumer goods. At the same time, USTR signaled an intent to establish an exclusion process limited to specified machinery used in domestic manufacturing under Chapters 84 and 85 of the HTSUS, reflecting an attempt to balance pressure on China with relief for U.S. industrial investment.

September 2024 Final Modifications Following the Four-Year Review

On September 13, 2024, USTR announced final modifications to the Section 301 actions on China, following review of more than 1,100 comments on the May proposal and completion of the statutory four-year review. The final actions largely adopted the May 2024 proposal while incorporating targeted changes to strengthen measures in certain sectors and refine the scope of newly established exclusions.

According to the USTR press release and subsequent client alerts, the key conclusions of the review were that the China Section 301 tariffs should remain in place and be refocused on strategic sectors where additional tariff pressure was deemed necessary to counter China's non-market practices and support U.S. industrial policy. The final notice also introduced additional proposals for further tariff increases on certain tungsten, wafer, and polysilicon products, subject to separate public comment procedures.

New Tariff Levels and Implementation Timelines

The final actions significantly increase Section 301 tariff rates on a set of high-priority product groups, with different implementation dates in 2024, 2025, and 2026. The new rates apply in addition to baseline MFN duties and only to goods of China classified under specified HTSUS subheadings; downstream products with different tariff classifications are generally not directly affected.

Public analyses summarizing the Federal Register notice describe key product groups and indicative tariff trajectories as follows:

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Product group (China origin)	New Section 301 rate (indicative)	Prior 301 rate	Timing (indicative)
Electric vehicles	100%	25%	From late 2024
Lithium-ion EV batteries	25%	7.5%	From late 2024
Non-EV lithium-ion batteries	25%	7.5%	By 2026
Battery parts (non-lithium-ion)	25%	7.5%	From 2024
Semiconductors	50%	25%	In 2025
Solar cells and modules	50%	25%	From 2024
Steel and aluminum products	25%	7.5% or 0%	From 2024
Facemasks and certain respirators	25%	7.5%	From 2024
Medical gloves	25%	0% or lower	By 2026
Syringes and needles	50%	0% or lower	From 2024 or 2026 (varies)
Natural graphite and other critical minerals	25%	0% or lower	2024–2026 (varies)
Ship-to-shore cranes	25% (with exclusions for certain orders)	0% or lower	From 2024

These rate and timing details are drawn from law-firm summaries and trade-advisory bulletins that synthesize the annexes to USTR's Federal Register notice. Importers should consult the official notice and annexes, which specify the precise HTS-8 and HTS-10 codes, product descriptions, and effective dates for each line.

Exclusions and Exclusion Processes

Historically, USTR has managed multiple waves of product exclusions from the China Section 301 tariffs, including 352 "general" exclusions and 77 COVID-related exclusions covering medical and other essential goods. During the multi-year review, many of these exclusions were repeatedly extended on a temporary basis pending a final policy decision.

As part of the four-year review outcome, USTR allowed a large subset of exclusions to expire in June 2024 while maintaining others through May 31, 2025, thus narrowing but not eliminating product-level relief. In parallel, USTR committed to establishing a new exclusion process focused on certain types of manufacturing equipment under Chapters 84 and 85, reflecting a policy choice to prioritize relief that directly supports domestic production capacity over broad exemptions for finished goods.

The final notice published in September 2024 expanded the list of machinery tariff subheadings eligible for this manufacturing-equipment exclusion process and adopted a set of 14 temporary exclusions for specified solar manufacturing equipment. These solar-equipment exclusions are retroactive to January 1, 2024, and

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run through May 31, 2025, although USTR indicated that implementation details, including retroactive refund procedures, would be coordinated with U.S. Customs and Border Protection (CBP).

2025 Extensions of Certain Product Exclusions

On May 31, 2025, USTR announced an additional three-month extension of a subset of China Section 301 product exclusions, providing limited continued relief for specific goods beyond the prior May 31, 2025 expiry date. The extension covers 164 exclusions that had been prolonged in May 2024 and 14 exclusions for solar manufacturing equipment adopted in the September 2024 notice, and applies to eligible goods entered for consumption or withdrawn from warehouse for consumption from June 1 through August 31, 2025.

Trade-advisory coverage notes that CBP is expected to issue detailed entry and refund procedures, and that importers must carefully review product descriptions and HTSUS classifications to confirm eligibility. Because no new exclusions were created in this action, companies that rely on Section 301 exclusions must plan for the possibility that these may lapse after August 31, 2025, absent further extensions.

2026: New Section 301 Investigations on Excess Capacity and Forced Labor

In early 2026, following a U.S. Supreme Court decision invalidating the prior administration's use of the International Emergency Economic Powers Act (IEEPA) to impose broad tariffs, the administration initiated new Section 301 investigations aimed at reconstructing a durable legal basis for many of those duties. To bridge the gap created by the invalidated IEEPA tariffs, the President also imposed temporary global tariffs under Section 122 of the Trade Act, while signaling that Section 301 would be used for longer-term measures.

USTR has launched two major Section 301 investigations: one focused on "structural excess capacity and production" in manufacturing sectors, and another on foreign policies related to forced labor and import bans. The list of economies subject to investigation is expansive and includes China, the European Union, Korea, Japan, India, Mexico, Vietnam, Taiwan, Singapore, Switzerland, Norway, Indonesia, Malaysia, Thailand, Cambodia, Bangladesh, and others, covering countries that account for the overwhelming majority of U.S. imports.

Legal and policy analyses emphasize that these investigations are expressly framed as potential bases for new tariffs and other trade restrictions that could extend well beyond the existing China-focused 301 actions. Public comments on these investigations are due by mid-April 2026, and USTR has indicated that it will conduct hearings and maintain a robust administrative record, reinforcing the importance of stakeholder participation.

Relationship Between Existing China 301 Tariffs and New Investigations

The 2026 investigations do not themselves modify the existing China-specific Section 301 tariff schedules but operate alongside them as potential additional layers of trade remedies. For China, this means the country faces both the legacy 2018–2024 301 tariffs (as modified by the four-year review) and possible new measures justified by findings on excess capacity or forced labor.

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For other economies, Section 301 investigations represent a possible extension of a tool that has so far been used primarily against China. If USTR finds that particular foreign policies are unreasonable or discriminatory and burden or restrict U.S. commerce, it could recommend tariffs or other actions similar in structure to the China 301 tariffs, though the specific product coverage, rates, and timelines would depend on the evidence and on policy choices made by the administration.

Strategic Implications for Importers and Supply Chains

Trade-advisory commentary underscores that the 2024–2026 developments will materially increase landed costs and compliance complexity for many U.S. importers, particularly in sectors targeted for higher 301 rates such as EVs, advanced batteries, semiconductors, solar products, steel and aluminum, and medical supplies. At the same time, the narrowed and time-limited nature of product exclusions means that duty-planning opportunities are more constrained and require careful, proactive management.

Key strategic implications include:

- **Concentration risk in China for strategic inputs.** Companies that rely heavily on Chinese origin for batteries, battery materials, semiconductors, and critical minerals face sharply higher Section 301 rates over the 2024–2026 period and must consider alternative sourcing or restructuring of supply chains.
- **Broader geographic risk from new 301 investigations.** Because the 2026 investigations cover many major trading partners, importers cannot assume that shifting production away from China alone will avoid future tariff exposure.
- **Interaction with other trade measures.** Section 301 tariffs interact with Section 122 surcharges, antidumping and countervailing duties, safeguards, and other measures, creating layered and sometimes overlapping duty burdens on the same products.
- **Potential for differentiation through compliance and ESG.** The forced-labor-focused investigation signals that supply-chain transparency, traceability, and labor-rights due diligence may become more tightly linked to tariff risk, reinforcing existing pressures from laws such as the Uyghur Forced Labor Prevention Act.

Practical Risk-Mitigation and Planning Steps

Guidance from law-firm alerts and trade consultants' points to a series of practical steps importers should consider in response to the evolving Section 301 environment.

1. **Map exposure at the HTSUS-line level.** Companies should identify all products sourced from China and other economies under investigation, confirm tariff classifications, and determine whether they fall within lines affected by new or increased Section 301 duties or are candidates for existing or forthcoming exclusions.
2. **Model landed-cost impacts and pricing.** Importers should quantify incremental Section 301 costs through 2026 under multiple scenarios (e.g., expiration vs. extension of exclusions, potential new 301 actions on other countries) and evaluate downstream pricing, margin, and contract implications.
3. **Evaluate sourcing and restructuring options.** Options include shifting production to non-covered countries (subject to rules of origin), redesigning products or supply chains to move

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inputs outside specific HTS lines, or investing in U.S. or third-country capacity that may benefit from exclusion processes or industrial-policy incentives.

4. **Leverage customs programs where feasible.** Foreign-trade zones, bonded warehouses, and duty-drawback programs can in some cases reduce effective 301 burdens, especially for inputs that are re-exported, though benefits are highly fact-specific and require careful compliance planning.
5. **Engage in the Section 301 process.** Companies and trade associations should consider submitting comments and providing testimony in the 2026 investigations and any future 301 reviews or exclusion processes, both to seek relief for particular products and to shape the evidentiary record that justifies or constrains future tariffs.
6. **Strengthen supply-chain governance and documentation.** Given the focus on excess capacity and forced labor, stakeholders should invest in supply-chain mapping, traceability tools, supplier audits, and contractual provisions that enable verification of origin and labor conditions.

Compliance and Advocacy Considerations

Section 301 actions are implemented via Federal Register notices, enforced by CBP, and subject to judicial review in the U.S. Court of International Trade, making documentation and procedural compliance critical. Importers seeking to claim product exclusions or retroactive refunds must adhere strictly to CBP's entry and protest procedures and retain evidence supporting classification, origin, and eligibility.

The statute's requirement for an administrative record and public participation also creates structured opportunities for advocacy. Businesses can provide quantitative and qualitative evidence on economic impacts, supply-chain resilience, and policy trade-offs, which USTR must consider when determining whether foreign practices are unreasonable or discriminatory and what level and scope of tariffs are appropriate.

Conclusion

The Section 301 tariff regime on China has evolved from a broad, rapid set of actions in 2018–2019 into a more targeted but still expansive framework increasingly oriented toward strategic sectors and systemic trade concerns. The 2024 four-year review solidified this direction by maintaining core tariffs, raising rates on critical products, and narrowing exclusions, while the 2026 investigations on excess capacity and forced labor signal potential expansion of Section 301 beyond China to other major trading partners.

For importers, manufacturers, and supply-chain managers, these developments underscore the need for continuous tariff-risk monitoring, integrated customs and trade-compliance strategies, and active engagement in the policy process. Organizations that invest early in understanding their exposure, optimizing supply chains, and documenting their positions will be better positioned to manage cost impacts and to adapt as Section 301 actions continue to evolve through 2026 and beyond.

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