

Trade Alert: USTR Finalizes Modifications to the Section 301 Four Year Statutory Review: Majority of tariff increases effective September 27, 2024, a proposal and comment period for additional tariffs on certain tungsten, polysilicon and wafer products, and yet to be announced date for certain domestic machinery exclusion process

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On September 18, 2024, as part of the ongoing four-year statutory review, the U.S. Trade Representative (“USTR”) published in the Federal Register certain adjustments to the Section 301 tariffs. The changes align with the USTR report issued on May 14, 2024 (the “**May Report**”) which stressed the need for protecting U.S. businesses from China’s unfair trade practices. Public comments from over 1,100 stakeholders were considered, in connection with the following findings:

- 1) **effective September 27, 2024**, tariff increases for 14 specified product groups intended to target “certain products of China in strategic sectors,” including lithium-ion batteries, electric vehicles, solar cells, steel and aluminum products, semi-conductors, certain medical equipment and ship to shore cranes (see further details below);
- 2) also **effective September 27, 2024**, exclusions for solar panel manufacturing equipment; and
- 3) proposed exclusion process for certain machinery used in domestic manufacturing.

<https://www.federalregister.gov/documents/2024/09/18/2024-21217/notice-of-modification-chinas-acts-policies-and-practices-related-to-technology-transfer>

Key Points:

- USTR confirmed the tariff increases for the 14 product groups (see details below), with increased tariffs on certain medical products and certain deferred timelines;
- Tariff increases for certain tungsten, polysilicon and wafer materials (five proposed additional subheadings: Comment Period open September 23, 2024, through October 22, 2024);
- Retroactive exclusion time frames from January 1, 2024, through May 31, 2025, are available for certain solar manufacturing equipment;
- Limited tariff exclusions are available for ship-to-shore cranes contracted for import prior to May 14, 2024, and imported prior to May 14, 2026;

- Final list of machinery used in domestic manufacturing which may be eligible for temporary tariff exclusions (process to be announced at later date).

Notable changes from the May Report:

- Face Masks: proposed 25% tariffs effective September 27, 2024, with increase to 50% January 1, 2026;
- Medical Gloves: increase to 50% from original proposed 25% tariffs effective September 27, 2024, with increase to 100% January 1, 2026;
- Syringes/Needles: increase to 100% tariffs from original proposed 50% tariffs effective September 27, 2024;
 - Enteral syringes issued temporary exclusion until January 1, 2026
- Ship-to-Shore Cranes: modification for tariff exclusions for cranes under executed contract prior to May 14, 2024, that enter the U.S. prior to May 14, 2026.
- Solar panel manufacturing equipment: exclusions limited to 14 of the original 19 proposed exclusions, removing certain module manufacturing equipment based on available sourcing outside of China and US disincentivizing of supply chain expansion.
- Final list of the machinery used in domestic manufacturing classifications eligible for consideration of temporary exclusions: The USTR added five additional subheadings to this group, but did not add subheadings outside of Chapters 84 and 85 or subheadings that specify parts, accessories, consumables or general equipment. The additional five classifications are as follows:
 - 8421.21.00: Machinery and apparatus for filtering or purifying water
 - 8421.29.00: Filtering or purifying machinery and apparatus for liquids, nesoi (not elsewhere specified or included)
 - 8421.39.01: Filtering or purifying machinery and apparatus for gases, other than intake air filters or catalytic convertor for internal combustion engines
 - 8428.70.00: Industrial robots
 - 8443.19.30: Printing machinery, nesoi

The USTR decisions are detailed in Annex A through E in the September 18, 2024, Federal Register notice:

Annex A: Tariff rate and tariff increase timeline implementation for the 14 product groups specified in the May Report directed by the President;

Annex B: 14 temporary exclusions for solar manufacturing equipment;

Annex C: Reporting identifiers for the additional tariffs, increase in certain rates, and exclusion of certain solar manufacturing equipment from tariffs;

Annex D: Ship-to-Shore Crane Certification for contractual exclusion timelines;

Annex E: List of HTS classifications eligible for consideration for temporary exclusions for the machinery used in domestic manufacturing.

Next Steps: USTR Comment Portal Periods:

- Proposal for Five Additional Tungsten, Polysilicon and Wafer Product Tariff Increases: Comment Period September 23, 2024, through October 22, 2024: USTR proposes tariff increases for five additional subheadings for tungsten (25% increase for HTS 8101.94.00, 8101.99.10 and 8101.99.80), polysilicon (50% increase for HTS 2804.61.00) and wafer products (50% increase for HTS 3818.18.00.00). Comments supporting or opposing the additions can be submitted under docket number USTR-2024-0016. [Section 301 FRN for Public Comment Docket \(5 Additional Subheadings\).pdf \(ustr.gov\)](#)

- Machinery Used in Domestic Manufacturing Temporary Exclusion Process: Comment Period to Be Announced at **Later Date**: The process is expected to differ from prior exclusions, with applications likely being limited to specific product models and SKU identification numbers.

The DCG May 16 and May 24, 2024 Client Trade alerts provide further background on USTR Four Year Review and prior comment periods.

May 28, 2024: Comment Period for Section 301 Tariffs: <https://www.dentons.com/en/-/media/862dbec4876040048d10094bb938b5cc.ashx>

May 16, 2024: Trade Alert: USTR Section 301 Tariff Increases: <https://www.dentons.com/en/-/media/7b79e5462d064318bdc465319254cbc0.ashx>

This alert is a brief summary. We continue to monitor the USTR announcements closely and recommend consulting the DCG International Trade Group for detailed advice tailored to your situation. If you have questions about any of the documents referenced in this alert or need further information or assistance, we invite you to contact a member of the DCG International Trade Group for assistance.

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