

Trade Alert: USTR Section 301 Tariff Increases

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May 16, 2024

Earlier this Week, in its Four-Year Review of Section 301 Tariffs, the United States Trade Representative ("USTR") Announced Proposed Additional Trade Measures, Including Increased Tariffs on Goods from the People's Republic of China ("China" or "PRC") and a New Exclusion Process for Certain Machinery.

Earlier this week, [The Biden Administration's USTR](#) released the Section 301 Four-Year Review that (i) contained the announcement that the current Section 301 tariff regime will continue, (ii) increased Section 301 tariffs, and (iii) contained other policy measures to protect economic sectors vital for America's economic future and national security and to combat unfair trade practices by China. The most significant new actions in the announcement are that the USTR will

- (1) raise the current Section 301 tariffs on Chinese semiconductors, steel and aluminum products, graphite and other minerals, electric vehicles, lithium-ion batteries, solar cells, ship-to-shore cranes and various medical equipment;
- (2) establish an exclusion process targeting machinery used in domestic manufacturing, including proposals for prioritizing 19 exclusions for certain solar manufacturing equipment; and
- (3) intensify and allocate additional resources to enforcement of Section 301 tariffs and foster greater collaboration and cooperation between private companies and government authorities to combat state-sponsored technology theft.

The May 14, 2024 announcement provides the following details:

1. Section 301 Tariff Increases Targeting Technology Transfer, Intellectual Property and Innovation.

In its May 14, 2024, Four-Year Review of the Section 301 regime, the USTR recommended increases to the Section 301 tariffs to confront China's unfair trade practices, and harmful technology transfer-related policies, including cyber

theft. Details to the proposed USTR modifications are scheduled to be announced next week and include increases in tariff rates for certain products from China:

Tariffs for the following products to be increased effective in **2024**:

- Electric vehicles: 100% rate of duty
- Solar cells (whether or not assembled into modules): 50% rate of duty
- Syringes and needles: 50% rate of duty
- Battery parts (non-lithium-ion batteries): 25% rate of duty
- Critical minerals: 25% rate of duty
- Facemasks: 25% rate of duty
- Lithium-ion electrical vehicle batteries: 25% rate of duty
- Ship to shore cranes: 25% rate of duty
- Steel and aluminum products: 25% rate of duty

Tariff for the following products to be increased effective in **2025**:

- Semiconductors: 50% rate of duty

Tariffs for the following products to be increased effective in **2026**:

- Lithium-ion non-electrical vehicle batteries: 25% rate of duty
- Medical gloves: 25% rate of duty
- Natural graphite: 25% rate of duty
- Permanent magnets: 25% rate of duty

2. USTR Report Proposed New Exclusion Process Framework to Provide Targeted Relief

In addition to the increases in tariffs, the USTR also proposed establishing an exclusion process targeting machinery used in domestic manufacturing, including proposals for prioritizing 19 temporary exclusions for certain solar manufacturing equipment. In addition, a new comment process will be implemented to suggest additional modifications to the Section 301 regime. Details for both measures are scheduled to be announced by the USTR next week in the Federal Register. This process will provide opportunities for affected parties to seek relief from the increased tariffs for specific products.

All other existing Section 301 tariffs will remain in place at the current levels.

3. Next Steps

The USTR's Four-Year Review process included consultations with industry representatives and experts and consideration of nearly 1,500 comments received. The USTR's 193-page report highlights both the effectiveness of the Section 301 tariffs in influencing certain Chinese policies, while acknowledging persistent challenges in other areas.

China has signaled its intent to retaliate with increased tariffs on U.S. goods.

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.

Key Contacts



V. Susanne Cook

Shareholder

D +1 412 297 4741

susanne.cook@dentons.com



Bruce H. Chiu

Shareholder

D +1 412 297 4933

bruce.chiu@dentons.com



Thomas D. Maxson

Shareholder

D +1 412 297 4706

thomas.maxson@dentons.com



Sasha V. Phillips

Counsel

D +1 412 297 4788

sasha.phillips@dentons.com



Megan Finkelstein

Customs & Trade Consultant

D +1 412 297 4846

megan.finkelstein@dentons.com

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