

USTR May Triple the Existing 301 Tariff Rate

May 15, 2024

Importers must begin to prepare for another round of Section 301 tariffs on China-based products, as President Biden and the United States Trade Representative (USTR) will seek to take further action on China tariffs resulting from the statutory four-year review process. As of May 2, 2024, the Section 301 tariffs on China-based products have resulted in an **estimated \$215.28 billion** in duties collected from importers.

On April 17, 2024, President Biden released a fact sheet requesting that Section 301 tariffs on Chinese steel and aluminum triple in response to a March **petition** filed with the USTR by key U.S. labor unions. Then, on May 14, 2024, President Biden announced that the Section 301 tariffs will indeed increase following the results of USTR's statutory four-year review.

The Section 301 China tariffs were implemented in 2018 after a USTR investigation into China's trade practices found that certain Chinese policies and practices were unreasonable or discriminatory and burdened or restricted U.S. companies and workers. These findings ultimately led to the implementation of tariffs on certain products imported from China ranging from 7.5% and 25%. The Section 301 tariffs are assessed ad valorem in addition to the (i) standard applicable tariff, (ii) the Section 232 tariffs imposed by the Trump administration based on national security concerns, and (iii) any applicable antidumping or countervailing duty.

President Biden's fact sheet, titled "President Biden Takes Actions to Protect American Workers and Businesses from China's Unfair Trade Practices," indicates that the President is directing increases in tariffs across the following strategic sectors:

1. Steel and aluminum – increase from 0-7.5% to 25% in 2024
2. Semiconductors – increase from 25% to 50% by 2025
3. Electric vehicles (EVs) – increase from 25% to 100% in 2024
4. Batteries
 1. Lithium-ion EV batteries – increase from 7.5% to 25% in 2024
 2. Lithium-ion non-EV batteries – increase from 7.5% to 25% in 2026
 3. Battery parts – increase from 7.5% to 25% in 2024
 4. Natural graphite and permanent magnets – increase from 0% to 25% in 2026
 5. Certain critical minerals – increase from 0% to 25% in 2024
5. Solar cells – increase from 25% to 50% in 2024
6. Ship-to-shore cranes – increase from 0% to 25% in 2024
7. Medical products

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1. Syringes and needles – increase from 0% to 50% in 2024
2. Certain PPE products – increase from 0-7.5% to 25% in 2024
3. Rubber medical gloves – increase from 7.5% to 25% in 2024

The **report** from USTR's statutory four-year review concludes that the Section 301 tariffs have effectively encouraged China to take steps toward eliminating harmful technology transfer-related acts, policies, and practices while reducing risk and exposure of U.S. persons and businesses. The USTR will soon issue a Federal Register notice announcing procedures for interested persons to comment on the proposed Section 301 tariff modifications, with information to utilize an exclusion request process for imported machinery used in domestic manufacturing.

For advice and assistance on how an increase in Section 301 tariffs and potential mitigation options can affect your business, please contact your Miller Canfield attorney or one of the authors of this alert.