USTR Starts New Section 301 Tariffs: Be Prepared

June 4, 2024

Importers must act swiftly to prepare for new Section 301 tariffs which can apply as soon as August 1, 2024, and for exclusions that expire as soon as June 14, 2024. As predicted in our recent alert **USTR May Triple the Existing 301 Tariff Rate**, the United States Trade Representative (USTR) issued a proposal for the timing of new Section 301 tariffs on Chinese products in certain strategic sectors. Interested parties may submit comments and seek future exclusions through June 28, 2024.

On May 28, 2024, the USTR published a **Federal Register notice** specifying subheadings on the Harmonized Tariff Schedule of the United States (HTSUS) and directing increases for stated products to take effect August 1, 2024, and subsequently January 1, 2025, and January 1, 2026. The modifications to Section 301 tariffs (Annex A) will apply across the strategic sectors as follows:

1. Steel and aluminum – August 1, 2024, increase from 0-7.5% to 25%

2. Electric vehicles (EVs) – August 1, 2024, increase from 25% to 100%

3. Batteries

    1. Lithium-ion EV batteries – August 1, 2024, increase from 7.5% to 25%
    2. Battery parts – August 1, 2024, increase from 7.5% to 25%
    3. Certain critical minerals – August 1, 2024, increase from 0% to 25%
    4. Lithium-ion non-EV batteries – January 1, 2026, increase from 7.5% to 25%
    5. Natural graphite – January 1, 2026, increase from 0% to 25%
    6. Permanent magnets – January 1, 2026, increase from 0% to 25%

4. Solar cells – August 1, 2024, increase from 25% to 50%

5. Ship-to-shore cranes – August 1, 2024, increase from 0% to 25%

6. Medical products

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

7. Semiconductors – January 1, 2025, increase from 25% to 50%

The **Federal Register notice** further provides the framework for an exclusion process for machinery under certain HTSUS subheadings used in domestic manufacturing (Annex B). If granted, such exclusions will be effective through May 31, 2025. The notice also proposes temporary exclusions for solar manufacturing equipment classified within 19 tariff lines to be effective through May 31, 2025 (Annex C). The USTR has established a comment period for the modifications. Interested parties may submit comments through **the public docket** through June 28, 2024.

On a related note, the USTR published a **Federal Register notice** on May 30, 2024, to clarify the status of the current 429 product specific exclusions scheduled to expire on May 31, 2024. This notice provides a 14-day transition period for all current exclusions by extending those exclusions through June 14, 2024. For each of the expiring list of 102 exclusions, either no public comments requesting further extension were submitted, or the public comments submitted did not demonstrate that extending the exclusion serves to aid the effort to shift sourcing away from China.

For the May 28 **Federal Register notice**, importers should assess (1) HTSUS code modifications to the Section 301 tariff (Annex A), (2) HTSUS subheadings open to the machinery exclusion process (Annex B), (3) the product descriptions for excluded solar manufacturing equipment (Annex C), and (4) whether to file a comment to document a position and protect interests.

While for the May 30 **Federal Register notice**, importers should assess (1) the application of any continuing exclusions (Annex C), and (2) the impact of any discontinued exclusions (Annex B).

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.