

Practice Update

# Section 301 Tariffs Update

May 24, 2024  
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Following last week’s announcement concerning the U.S. Trade Representative’s proposal to add or increase Section 301 *ad valorem* rates of duty for certain products of China, on May 22, 2024, the USTR issued its highly anticipated [notice](#) in the Federal Register and provided more details regarding the specific products subject to the USTR’s proposed Section 301 tariff modifications.

The USTR proposed adding or increasing Section 301 tariff rates on specific strategic sectors listed in [Annex A](#) of the USTR’s notice (including over 300 subheadings for steel and aluminum products). The sectors, effective dates, and proposed rates are detailed in the chart below, and the first wave is proposed to be effective August 1, 2024:

Sector	Increased Rate	Effective Date
Battery parts (non-lithium-ion batteries)	25%	August 1, 2024
Electric vehicles	100%	
Facemasks	25%	
Lithium-ion electrical vehicle batteries	25%	
Other critical minerals	25%	

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Ship-to-shore cranes	25%	
Solar cells (whether or not assembled into modules)	50%	
Steel and aluminum products	25%	
Syringes and needles	50%	
Semiconductors	50%	January 1, 2025
Lithium-ion non-electrical vehicle batteries	25%	January 1, 2026
Medical gloves	25%	
Natural graphite	25%	
Permanent magnets	25%	

In addition to the Section 301 tariff rates on strategic sectors listed above, the USTR also proposed establishing an exclusion process to target machinery used in domestic manufacturing and classified under Chapters 84 and 85 of the HTSUS, including solar manufacturing equipment. The HTSUS subheadings eligible for consideration of temporary exclusion are included in Annex B of the USTR's notice, and procedures for requesting these exclusions will be published in a future notice. **Exclusions granted through this process will be effective through May 31, 2025.**

Lastly, the USTR proposed to modify the Section 301 actions by granting 19 temporary exclusions for certain solar manufacturing equipment. Those proposed temporary exclusions are included in Annex C of the USTR's notice and **will be effective through May 31, 2025.**

### Request for Comment

The USTR is seeking public comments regarding the proposed modifications and exclusion process. **Comments may be submitted from May 29, 2024, to June 28, 2024,** at <https://comments.ustrgov>. A copy of the topics for comment will be posted on the USTR's comment portal on May 24, 2024.

Regarding the modifications for adding or increasing Section 301 tariff rates as listed in Annex A, interested persons may submit comments on

- The effectiveness of the proposed modification on elimination of or in counteracting China's acts, policies, and practices relating to technology transfer, intellectual property, and innovation
- The effects these proposed modifications may have on the U.S. economy and consumers

- The scope of the products to cover ship-to-shore cranes under HTSUS 8426.19.00 (transporter cranes, gantry cranes, and bridge cranes)
- Whether the proposed tariff rates should be higher for facemasks, medical gloves, and syringes and needles
- Whether additional statistical reporting codes under tariff subheading 6307.90.98 should be included with respect to facemasks
- Whether the tariff subheadings identified for each product and sector adequately cover the products and sectors included in the president's direction to the Trade Representative

Interested parties may also submit comments on the proposed exclusion process for machinery used in domestic manufacturing and classified under Chapters 84 and 85 of the HTSUS. Specifically, the USTR seeks comments on the inclusion of the subheadings listed in Annex B and whether those subheadings should or should not be eligible for exclusions.

For solar manufacturing machinery exclusions listed in Annex C, the USTR requests comments on the scope of each exclusion and any suggested amendments to the product description.

If you have any questions on these changes to the Section 301 tariffs or are interested in submitting comments on the proposed modifications, please contact one of the listed attorneys.

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