

Practice Update

USTR Initiates New Section 301 Investigation on China's Implementation of Commitments Under the Phase One Agreement

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By [Li X. Massie](#) and [Felicia Leborgne Nowels](#)

Has China kept its promise to make changes to its practices and policies regarding intellectual property of foreign IP holders, technology transfers, agriculture, and financial services? The U.S. is taking China to task. On October 24, 2025, the U.S. Trade Representative (USTR) initiated an investigation to determine whether the rights of the United States under the Phase One Agreement (Economic and Trade Agreement Between the Government of the United States of America and the Government of the People's Republic of China) are being denied or if an act, policy, or practice of China violates, or is inconsistent with, the provisions of or otherwise denies benefits to the United States. This investigation may affect companies who import finished products from China, along with those who import components from China in industries such as chemical, agriculture, food and beverage, textile, home furnishing, apparel and footwear, consumer appliances, industrial machinery, and consumer electronics.

The Phase One Agreement was signed on December 13, 2019, and aimed to de-escalate trade tensions between the U.S. and China. As a result of the Agreement, the USTR suspended the imposition of

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the additional 15% duty on products covered by List 4B and reduced the level of additional duties on products of List 4A from 15% to 7.5%, effective February 14, 2020. The Phase One Agreement required China to make structural changes to correct distortive acts, policies, and practices in the areas of IP, technology transfer, agriculture, and financial services. China was also required to make substantial additional purchases of U.S. goods and services.

USTR invites interested persons to submit written comments or oral testimony on China's implementation of the Phase One Agreement, whether China has fully implemented its commitments, and any burden or restriction on U.S. commerce resulting from any non-implementation by China of its commitments under the Agreement. In particular, USTR invites comments regarding:

1. Whether non-implementation by China of its commitments under the Phase One Agreement denies rights of the United States, or if an act, policy, or practice of China denies benefits to the United States.
2. China's implementation of its commitments under the Phase One Agreement, including concrete examples of non-implementation of specific commitments.
3. Any estimate of the burden or restriction on U.S. commerce resulting from any non-implementation by China of its commitments under the Phase One Agreement.
4. What action, if any, should be taken to address these issues, **including duties, fees or restrictions on services, and import restrictions**.
5. The appropriate aggregate level of trade to be covered by any additional duties on products of China, fees or restrictions on services of China, or import restrictions on products of China.

Next Steps

Interested persons should submit written comments starting October 31, 2025, until December 1, 2025, to <https://comments.ustr.gov/s/> docket number USTR-2025-0007.

Interested persons may also submit oral testimony at the public hearing on December 16, 2025, at 10:00 a.m. ET, which will be held either virtually or at a location to be later announced.

If you are interested in discussing the potential impacts of this investigation or would like help in preparing comments, please contact [Li X. Massie](#) or [Felicia Leborgne Nowels](#).

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