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## Important Updates on Section 301 Tariffs and Strategies for Mitigation

**We want to keep you informed about an upcoming increase to Section 301 China tariffs that will be implemented for goods entered and released from US Customs on or after September 27, 2024.**

### Summary of Four-Year Review on Section 301 Actions

The U.S. Trade Representative's review of Section 301 actions regarding China's technology transfer and intellectual property practices revealed several key findings:

#### Key Actions

- The measures have successfully encouraged China to tackle some technology transfer concerns, although issues remain, especially as China intensifies cyber efforts to acquire foreign technology, which continues to affect U.S. businesses.
- Economic assessments show that while the tariffs have a slight negative impact on overall U.S. economic welfare, they positively influence production in the most affected industries, with little effect on prices or employment levels.
- The tariffs have led to a decrease in imports from China and an increase in imports from allied countries, contributing to greater supply chain diversification.

In light of these findings, Section 301 tariffs will increase again in order to further incentivize China to address harmful practices and strengthen supply chain resilience.



## Key Updates

### Effective Dates for Tariff Increases:

- Increased tariffs on specific products will be effective for goods entered or withdrawn from warehouse for consumption on or after September 27, 2024.
- Tariff increases for 2025 and 2026 will apply to products entered or withdrawn for consumption on or after January 1 of the respective years.

**Overview of Tariff Increases:** The USTR has proposed increases across various product categories, impacting a total of 382 HTSUS subheadings. Notable changes include:

- Electric Vehicles: From 25% to 100%
- Face Masks/Respirators: From 0-7.5% to 25% as of September 27, increasing to 50% on January 1, 2026
- Medical Gloves: From 7.5% to 50% on January 1, 2025, and 100% on January 1, 2026
- Steel and Aluminum Products: From 0-7.5% to 25%

**Exclusion Processes:** USTR will soon publish procedures for requesting temporary exclusions for specific machinery under certain HTSUS subheadings. Additionally, 14 exclusions for solar manufacturing equipment have been granted, effective from January 1, 2024, to May 31, 2025.

### Strategies to Mitigate Tariff Impact

While these tariffs may present challenges, there are effective strategies you can implement:

- **Utilize Exclusions:** Consider the 164 products still eligible for exclusion from the tariffs, and stay informed about the potential for additional exclusions.
- **Explore Tariff Engineering:** Importing components in unfinished forms may allow you to classify them under lower tariff provisions.

### Conclusion

We understand these tariff changes can be complex, tariff classification drives the duty rate, you may want to do a review of your tariff classification to see if you can avoid Section 301.

Please do not hesitate to contact us with any questions or for further guidance on how to best position your operations in light of these developments.

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