



Research

The New Section 301 Tariff Regime

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Executive Summary

- On June 2, the Office of the United States Trade Representative (USTR) [proposed](#) tariffs ranging from 10-12.5 percent on 86 countries representing more than 99 percent of U.S. imports, based on its findings in a Section 301 investigation.
- This Section 301 investigation into countries' "Failure to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labor" - coupled with additional 301 investigations - signals that the Trump Administration is gearing up to establish a new tariff regime once the current Section 122 tariffs expire on July 24.
- This research finds that although the Trump Administration has continually carved out tariff exemptions, the newly proposed Section 301 tariffs will cost U.S. businesses and consumers close to \$60 billion a year; this nearly matches the cost and breadth of the Section 122 tariff regime.

Introduction

On June 2, the Office of the United States Trade Representative (USTR) [proposed](#) tariffs ranging from 10-12.5 percent on 86 countries representing more than 99 percent of U.S. imports, based on its findings in a Section 301 investigation. This Section 301 investigation into countries' "Failure to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labor" - coupled with additional 301 investigations - signals that the Trump Administration is gearing up to establish a new tariff regime once the current Section 122 tariffs expire on July 24.

This research finds that although the Trump Administration has continually carved out tariff exemptions, the newly proposed Section 301 tariffs will cost U.S. businesses and consumers

close to \$60 billion a year. The proposed Section 301 tariffs nearly replicate the overall cost of the Section 122 tariff regime while slightly increasing exempted imports and shifting around the country-by-country tariff burden. Factoring in the various pending 301 investigations that may result in additional tariffs, the Section 301 tariff regime will likely raise costs well beyond the current Section 122 regime and approach levels seen under the administration's IEEPA tariffs, which were struck down by the Supreme Court.

What Is a Section 301 Tariff?

Section 301 of the Trade Act of 1974 allows the president to place tariffs on countries engaging in unfair trade practices that discriminate against U.S. firms or economic interests. These unfair trade practices include subsidizing domestic industries, intellectual property theft, non-tariff barriers that restrict U.S. market access, and various other activities that infringe on U.S. commerce. Before implementing a Section 301 tariff or other trade remedy, a [formal process](#) or investigation is required.

Section 301 petitions are reviewed by USTR, which responds within 45 days to determine whether an investigation is needed. If the petition is successful, USTR has a 30-day investigation period during which the government of the target country and other relevant parties are consulted. After consultations, the agency makes a final determination on whether the country has violated U.S. trade laws, and the specific action is decided by the president. Final determination regarding corrective action is required within 30 days, and USTR has an additional 30 days to implement the action. This entire process from petition to implementation takes [135 to 470 days](#) but can be "expedited" depending upon how determined the administration is to initiate an action.

Why Is the Administration Turning to Section 301?

In the aftermath of the Supreme Court [striking down](#) President Trump's IEEPA tariff regime, the administration immediately implemented a 10-percent [Section 122](#) tariff as a temporary replacement. Section 122 was never a long-term solution for the president's tariff agenda as it legally expires after 150 days unless re-imposed by Congress - not to mention the fact that these particular Section 122 tariffs face [legal challenges](#) that may result in them being ruled illegal. By contrast, Section 301 is far more reliable and unlikely to be struck down by U.S. courts unless the administration fails to follow the formal investigation process or a strong case is made that the president is exceeding delegated authorities.

Notably, many of the countries being investigated are those that have struck trade deals or pledged investments in the United States to mitigate the impact of previous IEEPA tariffs. The administration's continued push to build a tariff regime in some form is likely an

attempt to maintain the leverage it once had through IEEPA so these countries follow through on at least some of their commitments. Once the Section 301 tariffs are implemented, President Trump will be more or less stuck with the established tariff rates as he will be unable to shift the rates around at will as he commonly did under IEEPA.

Looking at the Proposed Section 301 Tariffs

The Trump Administration has launched multiple Section 301 investigations, each of which will likely result in tariffs to replace the Section 122 tariff regime expiring on July 24. These investigations mark an unprecedented use of Section 301, as there have never been this many simultaneous Section 301s on this many countries, suggesting that this trade authority will be the future backbone of the next tariff regime. As of now, two of these investigations have resulted in proposed Section 301 tariffs.

The Forced Labor Section 301

On March 12, 2026, USTR launched Section 301 investigations into 60 economies across 86 countries, “Relating to Failures to Take Action on Forced Labor.” The investigation examined whether certain countries have prohibited the importation of goods made with forced labor and if those prohibitions are effectively enforced. On June 2, [USTR determined](#) that each of these countries has failed to effectively eliminate forced labor within its supply chains, which negatively impacts U.S. commerce and creates an unfair playing field for U.S. workers. As a result of these findings, USTR recommends placing 12.5-percent tariffs on 46 countries that have failed to impose or effectively enforce a forced-labor import ban. Meanwhile, a 10-percent tariff was recommended for the 40 countries that have agreed to adopt a forced labor import ban through a trade agreement or have partial yet ineffective systems in place to block imports of some forced labor goods.

While these proposed tariffs have yet to be imposed, a hearing on proposed action will occur on July 7 and it is highly possible that the Trump Administration takes action soon after Section 122 expires on July 24. As noted earlier, the entire Section 301 process can take as little as 135 days which - from March 12 - gives a potential implementation date of July 25, one day after Section 122 expires.

The Brazil Section 301

On June 1, USTR [released](#) its findings and proposed actions on its separate Section 301 investigation into “Brazil’s Unreasonable Acts, Policies, and Practices,” which was initiated on July 15, 2025. The rationales behind this Section 301 include six major areas: the targeting of U.S. digital service companies; unfair preferential tariffs for Mexico and India; the failure to combat corruption; a lack of IP protection; the end of balanced tariffs on U.S.

ethanol; and illegal deforestation. Based on the report, USTR recommends a 25-percent tariff on a [wide swath](#) of imports from Brazil similar to those impacted by the [previous](#) 40-percent IEEPA tariff targeting the country. The proposed duties would not apply to several key imports, including beef, coffee, rare earth minerals, aircraft equipment, and certain fruits and vegetables. The new tariff would be in addition to the 12.5-percent tariff under the forced labor Section 301, resulting in a cumulative tariff rate of 37.5 percent on some goods. A public hearing on the proposed actions is scheduled for July 6, with potential presidential action expected in late July.

Estimated Cost of Proposed Section 301 Tariffs

As of now, only the forced labor Section 301 and the Brazil Section 301 have proposed tariff actions that are likely to be implemented in the near future. This research estimates that the forced labor Section 301 covering 86 countries will cost U.S. consumers and businesses approximately \$58.3 billion annually given 2025 import data. The separate Brazil Section 301 is estimated to cost an additional \$1.5 billion, bringing total proposed Section 301 tariff costs to roughly \$60 billion annually.

Figure 1: Impacted Imports and Estimated Cost of Proposed Section 301 Tariffs

Section 301	Proposed Tariff Rate	Impacted Imports (\$ Billions)	Tariff Cost Estimate (\$ Billions)
Forced Labor	10% to 12.5%	\$894.7	\$58.3
Brazil	25%	\$11.8	\$1.5
			Total: \$59.8

Source: [United States International Trade Commission](#), [USTR](#), AAF Analysis

The total value of imports impacted by the proposed Section 301 tariffs relating to forced labor drops substantially when factoring in the United States-Mexico-Canada Agreement (USMCA), as USMCA-compliant goods are expected to receive tariff exemptions. Without USMCA compliance, approximately \$1.1 trillion worth of imports would be impacted by these tariffs, raising estimated costs to over \$72 billion.

Although the Brazil Section 301 investigation and the Section 301 forced labor investigation address different issues, both utilize Section 301 authority to investigate foreign practices that the United States considers unreasonable, discriminatory, or burdensome to U.S. commerce. Together, these investigations reflect a broader expansion of U.S. trade policy, extending the use of Section 301 beyond traditional trade barriers into areas such as labor

standards, digital regulation, and regulatory enforcement.

How Does the Section 301 Regime Compare to Past Tariff Regimes?

The current iteration of the proposed Section 301 tariff regime almost entirely replaces the Section 122 tariffs in place until July 24, with a few differences in exemptions and tariff rates. For the 150 days Section 122 is in place, this research estimates it will increase costs by about \$25 billion; assuming it were in place for a full year, it would cost close to \$58 billion, which is nearly identical to the \$60-billion price tag of Section 301. Each of the Trump Administration’s tariff regimes have included increasingly common exemptions that have reduced overall tariff cost estimates over time. Figure 2 shows the percentage of total U.S. imports exempt from baseline tariffs as well as estimated tariff costs assuming a full year of implementation for a more accurate comparison. The variation in IEEPA tariffs from when they were imposed on Liberation Day and when the Supreme Court struck them down represents the far lower tariff rates and wider exemptions granted by the Trump Administration over the course of 2025.

Figure 2: Tariff Regime Exemptions as a Percent of Total Imports and Estimated Tariff Costs

	IEEPA on Liberation Day	IEEPA Before Being Struck Down	Section 122	Proposed Section 301s
Exempt Imports	30.1%	42.1%	62.4%	66.3%
Exempt Imports (Including USMCA)	41.2%	53.2%	70.5%	73.4%
Estimated Tariff Costs (Including USMCA, \$ Billions)	\$238.4	\$134.5	\$57.8	\$59.8
Estimated Tariff Costs (Excluding USMCA, \$ Billions)	\$295.3	\$203.9	\$74.5	\$73.7

Source: [United States International Trade Commission](#) (Figure compares tariff regimes if each were in place for a one-year period.)

Looking Ahead at Other Section 301 Investigations

With more Section 301 investigation underway that will likely result in additional tariffs, it is possible that the administration will try to fully rebuild the tariff rates seen under the IEEPA regime. While country-by-country tariffs may approach those of IEEPA, it is likely that President Trump's trade team will maintain many of the exemptions granted toward the end of the IEEPA regime and during Section 122, which will inevitably reduce the overall impact.

The Structural Excess Capacity Section 301

On March 11, USTR [launched](#) a Section 301 investigation into 42 countries regarding "Structural Excess Capacity and Production in Manufacturing Sectors." The investigation is meant to address manufacturing surpluses that negatively impact U.S. commerce as a result of a country producing more than the market can absorb, thereby generating trade distortions. The probe targets many of the top U.S. trade partners, which comprise roughly 76 percent of all U.S. imports.

U.S. Trade Representative Jamieson Greer has [stated](#) it is likely there will be proposed actions and a report surrounding this Section 301 investigation in the coming weeks. For now, it is unclear what tariff rates might be recommended for each of the countries and whether it will divide countries into different tariff rate buckets. It is possible that the Trump Administration is aiming to push each country's tariff rate to match the IEEPA regime. There will likely be limits, however, on how high these Section 301 rates can be given the various trade agreements that guarantee tariff caps.

The Vietnam Section 301

On March 29, USTR [announced](#) a Section 301 investigation into Vietnam, specifically focusing on the country's unfair trade practices and lack of intellectual property (IP) protection. The Vietnam investigation comes after the [2026 Special 301 Report](#) concluded that the country qualifies as a "Priority Foreign Country" (PFC) - the first time in 13 years that a country has been put on that list. PFC status is reserved for countries with the worst record on IP practices, protection, and enforcement that translate into sizeable economic impacts on U.S. companies. The USTR investigation focuses on five major areas: the failure to combat online piracy (ranging from streaming to video games); the failure to enforce against counterfeit goods; the lack of effective border enforcement; the lack of enforcement against unlicensed software; and the lack of criminal measures against satellite signal theft.

If this investigation results in tariffs, they will almost certainly stack on top of the Section 301 tariffs relating to forced-labor concerns, thereby raising Vietnam's tariff rate to more than 20 percent (assuming the 10-percent Section 122 tariffs expire). It is unclear whether

this could jeopardize the previous U.S.-Vietnam trade deal struck during the IEEPA regime, which set the U.S. tariff rate at 20 percent.

Appendix

Figure 3: Country-by-Country Tariff Rates Throughout Each Tariff Regime

Country	IEEPA Tariff Rate on Liberation Day	IEEPA Tariff Rate Before Being Struck Down	Section 122 Tariff Rate	Proposed Section 301 Forced Labor Tariff Rate
Algeria	30%	30%	10%	12.5%
Angola	32%	15%	10%	12.5%
Argentina	10%	10%	10%	10.0%
Australia	10%	10%	10%	12.5%
Austria	20%	15%	10%	10.0%
Bahrain	10%	10%	10%	12.5%
Bangladesh	37%	19%	10%	10.0%
Belgium	20%	15%	10%	10.0%
Brazil	10%	50%	10%	12.5%
Bulgaria	20%	15%	10%	10.0%
Cambodia	49%	19%	10%	10.0%
Canada	31%	35%	10%	10.0%
Chile	10%	10%	10%	12.5%
China	34%	20%	10%	12.5%
Colombia	10%	10%	10%	12.5%
Costa Rica	10%	15%	10%	12.5%
Croatia	20%	15%	10%	10.0%
Cyprus	20%	15%	10%	10.0%

Czechia (Czech Republic)	20%	15%	10%	10.0%
Denmark	20%	15%	10%	10.0%
Dominican Republic	10%	10%	10%	12.5%
Ecuador	10%	15%	10%	10.0%
Egypt	10%	10%	10%	12.5%
El Salvador	10%	10%	10%	10.0%
Estonia	20%	15%	10%	10.0%
Finland	20%	15%	10%	10.0%
France	20%	15%	10%	10.0%
Germany	20%	15%	10%	10.0%
Greece	20%	15%	10%	10.0%
Guatemala	10%	10%	10%	10.0%
Guyana	38%	15%	10%	12.5%
Honduras	10%	10%	10%	12.5%
Hong Kong	34%	20%	10%	12.5%
Hungary	20%	15%	10%	10.0%
India	26%	18%	10%	12.5%
Indonesia	32%	19%	10%	10.0%
Iraq	39%	35%	10%	12.5%
Ireland	20%	15%	10%	10.0%
Israel	17%	15%	10%	12.5%
Italy	20%	15%	10%	10.0%
Japan	24%	15%	10%	12.5%
Jordan	20%	15%	10%	12.5%

Kazakhstan	27%	25%	10%	12.5%
Kuwait	10%	10%	10%	12.5%
Latvia	20%	15%	10%	10.0%
Libya	31%	30%	10%	12.5%
Lithuania	20%	15%	10%	10.0%
Luxembourg	20%	15%	10%	10.0%
Malaysia	24%	19%	10%	10.0%
Malta	20%	15%	10%	10.0%
Mexico	15%	25%	10%	10.0%
Morocco	10%	10%	10%	12.5%
Netherlands	20%	15%	10%	10.0%
New Zealand	10%	15%	10%	12.5%
Nicaragua	18%	18%	10%	12.5%
Nigeria	14%	15%	10%	12.5%
Norway	15%	15%	10%	12.5%
Oman	10%	10%	10%	12.5%
Pakistan	29%	19%	10%	10.0%
Peru	10%	10%	10%	12.5%
Philippines	17%	19%	10%	12.5%
Poland	20%	15%	10%	10.0%
Portugal	20%	15%	10%	10.0%
Qatar	10%	10%	10%	12.5%
Romania	20%	15%	10%	10.0%
Russia	10%	100%	10%	12.5%
Saudi Arabia	10%	10%	10%	12.5%

Singapore	10%	10%	10%	12.5%
Slovakia	20%	15%	10%	10.0%
Slovenia	20%	15%	10%	10.0%
South Africa	30%	30%	10%	12.5%
South Korea	25%	15%	10%	12.5%
Spain	20%	15%	10%	10.0%
Sri Lanka	44%	20%	10%	12.5%
Sweden	20%	15%	10%	10.0%
Switzerland	31%	15%	10%	12.5%
Taiwan	32%	15%	10%	10.0%
Thailand	36%	19%	10%	12.5%
The Bahamas	10%	10%	10%	12.5%
Trinidad and Tobago	10%	15%	10%	12.5%
Turkey	10%	15%	10%	12.5%
United Arab Emirates	10%	10%	10%	12.5%
United Kingdom	10%	10%	10%	10.0%
Uruguay	10%	10%	10%	12.5%
Venezuela	15%	15%	10%	12.5%
Vietnam	46%	20%	10%	12.5%

Source: [The White House](#), [USTR](#)

Section 301: Nicaragua’s Acts, Policies, and Practices Relating to Labor Rights, Human Rights, Fundamental Freedoms, and the Rule of Law

In December 2024, the [USTR launched](#) a Section 301 investigation into Nicaragua’s labor

practices. The investigation was notable because it was the first Section 301 case focused primarily on labor rights, human rights, and democratic governance concerns rather than traditional trade barriers. The investigation found Nicaragua's actions regarding human rights, labor rights, fundamental freedoms, and rule of law protections to be unreasonable regarding international labor and human rights agreements that ultimately impact U.S. commerce.

The USTR noted Nicaragua's conduct burdens U.S. commerce by allowing labor conditions that reduce production costs through worker exploitation, thereby creating unfair competitive advantages for Nicaraguan producers relative to U.S. firms. The [USTR's responsive action](#) decided in December 2025 and went into effect January 1, 2026, as a phased tariff regime not including Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) goods. The proposed rates start at zero percent in 2026, increasing to 10 percent January 1, 2027, and 15 percent starting January 1, 2028. The tariffs would most likely stack on top of any other applicable duties, including reciprocal tariffs.

This investigation serves as a unique insight into the most recent Section 301 forced labor investigations launched on 60 economies. The Nicaragua case established, for the first time, that Section 301 could be wielded as a tool to address a trading partner's failure to protect labor rights and human rights, not just a fix for standard trade barriers. By finding that Nicaragua's exploitation in the labor market created unfair competitive conditions the USTR demonstrated that depressed labor standards abroad carry measurable trade consequences under Section 301. That same logic was then used when [USTR determined](#) that each of the 60 economies had failed to impose or effectively enforce a prohibition on the import of goods produced with forced labor.

Section 301: China's Technology and IP Practices (2018)

In 2017, the Trump Administration launched its original China Section 301 investigation to address Chinese industrial policy and practices that negatively impact U.S. commerce. The [2018 USTR determination](#) found that China engaged in forced technology transfers, cyber-enabled theft of U.S. intellectual property, non-market licensing practices, and state-backed acquisition of U.S. technology assets.

As a result of those findings, four rounds of Section 301 tariffs were imposed. List 1 imposed a 25-percent tariff on roughly \$34 billion worth of imports; list 2 imposed 25-percent tariffs on roughly \$16 billion worth of imports; list 3 covered roughly \$200 billion worth of goods,

applying a tariff of 10 percent; and list 4a tariffs of 15 percent were applied to \$126 billion worth of imports from China, but was later modified to lower the tariff on those goods to 7.5 percent. Based on 2021 figures, the tariffs covered over \$260 billion worth of imports and cost U.S. consumers \$48 billion. China countered and placed tariffs on approximately \$110 billion worth of U.S. trade products. Some exceptions were made on both sides, but the majority of the tariffs remain in place today. In May 2024, the Biden Administration raised most of the 2018 tariffs by an additional 25–100 percent on specific goods, including metals, electric vehicles, batteries, and semiconductors.

The “Phase One” Agreement and Section 301 Investigation of China’s Implementation

[The Phase One Agreement](#), signed in January 2020 between the United States and China, was designed to address U.S. concerns about Chinese trade practices including intellectual property theft, forced technology transfers, discriminatory licensing requirements, and state-directed industrial policies, designed to resolve the 2018 Section 301 investigation. As part of the agreement, China committed to purchase at least \$200 billion worth of U.S. goods between 2020–2021 to combat the U.S. trade deficit with China. Yet many structural issues arose, such as industrial subsidies and the global COVID-19 pandemic, resulting in China only fulfilling 60 percent of its goods commitment and approximately 57 percent of its purchase agreement for goods and services.

On October 24, 2025, the [USTR initiated](#) a Section 301 investigation into China’s compliance with the 2020 Phase One Agreement, after finding that China failed to fully implement several of its commitments, most notably falling short of its pledged purchase targets for U.S. goods and services. The USTR conducted its hearing in December of 2025, and as of June 2026 a specific determination imposing additional duties is still pending.

Section 301: China’s Targeting of the Semiconductor Industry

On December 23, 2024, USTR issued its [determination](#) in a Section 301 investigation into China’s efforts to achieve global dominance in semiconductor manufacturing. USTR found that China deployed extensive state subsidies, industrial planning directives, forced technology transfers, market access restrictions, and preferential treatment for domestic firms to artificially expand its semiconductor sector at the expense of foreign competitors. The USTR determined the conduct “unreasonable” because it allows Chinese firms to compete on non-market terms, distorts global pricing signals, reduces competition, and increases China’s leverage over critical supply chains.

As a result, USTR imposed new Section 301 tariffs on a range of Chinese semiconductor products, layered on top of the existing 50-percent tariff already in place since from the 2018 Section 301 investigation targeting China's forced technology transfer and IP practices. The new Section 301 tariffs begin at zero percent as a placeholder and are set to increase automatically after an 18-month transition period beginning June 23, 2027. These actions will impact a specific list of 18 Harmonized Tariff Schedule (HTS) categories including products such as transistors, circuits, diodes, and semiconductor wafers.

IEEPA Modifying Duties Addressing Synthetic Opioids in China

In February of 2025, President Trump declared a [national emergency](#) to address the synthetic opioid supply in China, imposing a 10-percent tariff on imports related to the supply of the drug. Shortly after, in March 2025, the president expanded the order, increased the fentanyl focused tariff to 20 percent, then back down to 10 percent after bilateral negotiations in November 2025. Once the Supreme Court struck down tariffs under IEEPA In January 2026, however, the drug-specific tariffs on China were voided.

Section 301: China's Targeting of Maritime, Logistics, and Shipbuilding Sectors

In April 2024, the [USTR launched](#) a Section 301 investigation into China's maritime, logistics, and shipbuilding practices. Prior to the official investigation, in March 2024, five major U.S. labor unions filed a Section 301 petition asking the USTR to investigate the maritime operations of China. The investigation sought to examine how China has used state support and industrial planning to build a dominant market share across commercial shipbuilding, maritime logistics, global shipping networks, and port infrastructure. In China's quest for market dominance, it has successfully grown its shipbuilding market share from less than 5 percent of global tonnage in 1999, to more than 50 percent in 2023, increasing China's ownership of the commercial world fleet to over 19 percent as of January 2024. The investigation found China's targeting of the maritime, logistics, and shipbuilding sectors for dominance is unreasonable due to the unfair influence and competition it poses in the market. The [USTR's proposed actions](#) were structured in two phases: the first phase, effective 180 days after implementation, included fees on certain Chinese vessel operators and foreign-built vehicle carrier vessels. While the second phase, beginning in 2028, would introduce requirements and incentives to promote U.S.-built liquefied natural gas (LNG) vessels and strengthen the domestic shipbuilding industry.

The investigation is currently in a suspended state; port service fees and related charges have been reduced to zero through November 9, 2026, and planned tariff-related measures

remain paused. LNG-related shipping restrictions are still scheduled to take effect in April 2028 unless they are modified or repealed before that date, however. The imposition of these proposed tariffs hangs in the balance of bilateral U.S.-China trade negotiations.