

## **Alert** | International Trade



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### **USTR Opens Comment Period for Proposed Section 301 Tariff Increases and Exclusions; Extends Limited Number of Current Exclusions**

On May 22, 2024, the Office of the United States Trade Representative (USTR) released the list of Chinese-made products that will be subject to the increased Section 301 tariffs the White House and USTR announced May 14, 2024 (see [GT Alert](#)), and requested comments on the proposed tariff increases, the temporary exclusions for certain solar manufacturing equipment, and the exclusions for machinery used in domestic manufacturing. The comment period will be open May 29, 2024, until June 28, 2024.

#### **List of Products Subject to Tariff Increases**

The notice states that 382 subheadings and five statistical reporting numbers of the Harmonized Tariff Schedule of the United States (HTSUS) will be subject to the tariff increases, amounting to an approximate trade value of \$18 billion, and that USTR is accepting comments on the proposed increases for the specified products. If approved, the increases will take effect Aug. 1, 2024, Jan. 1, 2025, and Jan. 1, 2026, and will include products such as motor vehicles, lithium-ion batteries, critical minerals, and semiconductors. Following is the complete list of products and effective tariff increase dates:

Battery parts (non-lithium-ion batteries)	Increase rate from 7.5% to 25% on Aug. 1, 2024
Electric vehicles	Increase rate from 25% to 100% on Aug. 1, 2024
Facemasks	Increase rate from 0-7.5% to 25% on Aug. 1, 2024

Lithium-ion electrical vehicle batteries	Increase rate from 7.5% to 25% on Aug. 1, 2024
Lithium-ion non-electrical vehicle batteries	Increase rate from 7.5% to 25% on Jan. 1, 2026
Medical gloves	Increase rate from 7.5% to 25% on Jan. 1, 2026
Natural graphite	Increase rate from 0% to 25% on Jan. 1, 2026
Other critical minerals	Increase rate from 0% to 25% on Aug. 1, 2024
Permanent magnets	Increase rate from 0% to 25% on Jan. 1, 2026
Semiconductors	Increase rate from 25% to 50% on Jan. 1, 2025
Ship-to-shore cranes	Increase rate from 0% to 25% on Aug. 1, 2024
Solar cells (whether or not assembled into modules)	Increase rate from 25% to 50% on Aug. 1, 2024
Steel and aluminum products	Increase rate from 0-7.5% to 25% on Aug. 1, 2024
Syringes and needles	Increase rate from 0% to 50% on Aug. 1, 2024

A complete list can be found in Annex A of the [notice](#).

### Proposed Exclusions

Consistent with President Biden’s direction to U.S. Trade Representative Katherine Tai in the May 14 announcement, USTR’s notice also establishes a limited exclusion process for machinery used in domestic manufacturing and classified within certain subheadings of Chapters 84 and 85 of HTSUS. If approved, these subheadings will be temporarily excluded from the Section 301 tariffs through May 31, 2025. Products subject to this exclusion process include machine tools, construction, manufacturing, and apparel machinery. (See Annex B in the [notice](#) for the list of products subject to this exclusion process.)

Further, USTR also proposes 19 temporary exclusions for solar manufacturing equipment and is accepting comments on the scope of those provisions. USTR has singled out solar equipment in an effort “to support domestic production and decrease reliance on China in a strategic sector.” The proposed temporary exclusions would be effective from May 22, 2024, through May 31, 2025, and are included in Annex C to the [notice](#).

### Extension of Current Section 301 Exclusions

USTR announced on May 24, 2024, that it would be issuing limited extensions to the current Section 301 exclusions that were scheduled to expire May 31, 2024.

USTR provided for a two-week transition period for a limited list of Section 301 exclusions, which will now expire June 14, 2024. Accordingly, the Section 301 duties will be in effect for those products beginning June 15, 2024 (which are listed in Annex D of the [notice](#)).

The other Section 301 exclusions will remain in effect through May 31, 2025. The remaining exclusions are listed in Annex C of the [notice](#).

### Request for Public Comments

USTR has invited comments from interested parties on the following subjects:

- For the tariff rate increases on products listed in Annex A:
  - “The effectiveness of the proposed modification in obtaining the elimination of or in counteracting China’s acts, policies, and practices related to technology transfer, intellectual property, and innovation.
  - The effects of the proposed modification on the U.S. economy, including consumers.

- The scope of the product description to cover ship-to-shore cranes under subheading 8426.19.00 (Transporter cranes, gantry cranes and bridge cranes).
- With respect to facemasks, medical gloves, and syringes and needles, whether the tariff rates should be higher than the proposed rates.
- With respect to facemasks, whether additional statistical reporting codes under tariff subheading 6307.90.98 should be included.
- 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.”
- For the proposed exclusions for machinery listed in Annex B:
  - “[W]hether the subheadings listed in Annex B should or should not be eligible for consideration in the machinery exclusion process and whether Annex B omits certain subheadings under Chapters 84 and 84 that cover machinery used in domestic manufacturing and should be included.”
- For the proposed solar manufacturing machinery exclusions in Annex C:
  - “[T]he scope of each exclusion, including any suggested amendments to the product description.”

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