



CHINA SECTION 301 MODIFICATIONS AND PRODUCT EXCLUSION PROCESS (September 13, 2024)

Today, the Office of the U.S. Trade Representative (“USTR”) has issued a [press release](#) and draft [Federal Register notice](#) making modifications and taking final action on the changes to the China Section 301 additional duties that it proposed on May 14, 2024. The USTR notice mostly follows the modifications proposed in May. The USTR notice:

1. Increases tariffs on specific China products in 14 “strategic sectors”; and
2. Institutes an exclusion process for particular machinery used in domestic manufacturing and grants temporary exclusions for certain solar manufacturing equipment.

The USTR notice and final action follows the submission of more than 1,100 public comments on the USTR web [portal](#). The USTR notice will be formally published in an upcoming edition of the [Federal Register](#).

A. Section 301 Duty Increases

Annex A of the [notice](#) includes a total of 382 8-digit and seven (7) 10-digit HTSUS tariff provisions that will be subject to increased China Section 301 duties effective September 27, 2024, January 1, 2025, or January 1, 2026. The HTSUS tariff provisions in Annex A are grouped into the fourteen (14) “strategic sectors” covered by the modifications. The final list includes some minor revisions from the original USTR proposal. See our previous [What’s New](#).

1. September 27, 2024 Duty Increases. Duty increases scheduled for September 27, 2024, cover 389 HTS classifications, including mostly steel and aluminum HTSUS tariff provisions, as well as non-lithium ion battery parts, electrical vehicles, face masks, critical minerals, ship-to-shore gantry cranes (with existing contract carve-out), solar cells, syringes, and needles. Covered steel and aluminum tariff provisions include all but 17 of the HTSUS subheadings covered by current Section 232 duties.

All the September 27, 2024, duty increases are to 25%, except for: (1) solar cells (50%); (2) syringes and needles (100%); and (3) motor

vehicles classified in HTSUS subheadings 8702.40.31, 8702.40.61, 8702.90.31, 8702.90.61, 8703.60.00, 8703.70.00, 8703.80.00, and 8703.90.01 (100%).

2. January 1, 2025 Duty Increases. Duty increases for January 1, 2025, include certain face masks, medical gloves, and semiconductors (including 8-digit HTSUS tariff provisions for diodes, transistors, photosensitive transistors, and electronic integrated circuits classified in HTSUS subheadings 8541.10.00, 8541.21.00, 8541.29.00, 8541.30.00, 8541.49.10, 8541.49.70, 8541.49.80, 8541.49.95, 8541.51.00, 8541.59.00, 8541.90.00, 8542.31.00, 8542.32.00, 8542.33.00, 8542.39.00, and 8542.90.00).

3. January 1, 2026 Duty Increases. Duty increases for January 1, 2026, include certain face masks, medical gloves, lithium-ion batteries, natural graphite, and permanent magnets.

4. Separate Notice and Comment Proceedings. The USTR notice states that USTR will be publishing a separate notice requesting comments on proposed duty increases for tungsten articles classified in three HTSUS tariff provisions. The USTR notice also states that USTR will publish a separate notice requesting comments on increasing duties for polysilicon classified in HTSUS 2804.61.00 and doped chemical elements classified in HTSUS 3818.00.00.

B. Potential Machinery Exclusions and Solar Equipment Exclusions

Annex E of the USTR [notice](#) lists by HTSUS tariff provision the machinery that may be eligible for a product exclusion. The list includes 312 8-digit HTSUS tariff provisions in HTSUS Chapters 84 and 85, with the addition of five (5) additional 8-digit HTSUS tariff provisions in Headings 8421 (filtering and purifying machinery), 8428 (industrial robots), and 8443 (printing machinery). USTR refused to add HTSUS tariff provisions outside Chapters 84 and 85 and limited provisions to machinery “used to physically alter goods in the manufacturing process.”

The USTR notice provides no details on the product exclusion process for this machinery, but the USTR press release on today’s notice says that the USTR expects to launch the machinery exclusion process “soon.” When the exclusion process is launched, the USTR notice indicates the public may file supporting and opposing comments for particular exclusions. Although the USTR notice provides no details on this China Section 301 product exclusion process, USTR recently requested public comments on China Section 301 product exclusion request, objection, and rebuttal forms with detailed questions. 89 [Fed. Reg. 66484](#) (Aug. 15, 2024).

Annex B of the [notice](#) lists by description (with reference to the associated HTSUS tariff provision) the solar manufacturing equipment eligible for temporary product exclusions from the Section 301 duties. USTR determined to accept only 14 of the 19 proposed product exclusions for solar manufacturing equipment for the temporary product exclusions.

C. Foreign-Trade Zones

The USTR notice includes specific language on Foreign-Trade Zone (FTZ) admissions, requiring affected China products to be admitted in Privileged Foreign (PF) status based on the applicable effective dates of the changes (i.e., September 27, 2024, January 1, 2025, and January 1, 2026).

This communication is a summary. There are many details to consider and clients are encouraged to carefully review and consider the USTR notice. Please contact [Marshall Miller](#), [Brian Murphy](#), or [Sean Murray](#) with questions or for assistance in structuring Customs entries in advance of the September 27 effective date of tariff increases, FTZ admission and entry questions, and for assistance with China Section 301 product exclusion requests once the exclusion process is announced.

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