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U.S. Trade Representative Katherine Tai to Take Further Action on China Tariffs After Releasing Statutory Four-Year Review

May 14, 2024

WASHINGTON – U.S. Trade Representative Katherine Tai today released the following statement concerning the statutory review of the tariff actions in the Section 301 investigation of China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation:

“After thorough review of the statutory report on Section 301 tariffs, and having considered my advice, President Biden is directing me to take further action to encourage the elimination of the People’s Republic of China’s unfair technology transfer-related policies and practices that continue to burden U.S. commerce and harm American workers and businesses,” **said Ambassador Katherine Tai.**

“As the President recognizes in his memorandum, while the tariffs have been effective in encouraging the PRC to take some steps to address the issues identified in the Section 301 investigation, further action is required.

“In light of President Biden’s direction, I will be proposing modifications to the China tariffs under Section 301 to confront the PRC’s unfair policies and practices. From the beginning of the Biden-Harris Administration, I have been committed to using every lever of my office to promote American jobs and investments, and these recommendations are no different. Today, we serve our statutory goal to stop the PRC’s harmful technology transfer-related acts, policies, and practices, including its cyber intrusions and cyber theft. I take this charge seriously, and I will continue to work with my partners across sectors to ensure any action complements the Biden-Harris Administration’s efforts to expand opportunities for American workers and manufacturers.”

The Section 301 statute directs that the four-year review includes a consideration of: the effectiveness of the tariff actions in achieving the objective of the investigation; other actions that could be taken; and the overall effects of the tariff actions on the U.S. economy. The Office of the U.S. Trade Representative’s (USTR) [Report](#) addresses the statutory elements of the review, suggests modifications to strengthen the actions, and makes certain recommendations.

To encourage further elimination of the PRC’s technology transfer-related acts, policies, and practices, Ambassador Tai has recommended that products from the PRC currently subject to Section 301 tariffs should remain. Additionally, in light of the increased burden on U.S. commerce, President Biden is directing Ambassador Tai to take action to add or increase tariffs for certain products. As the Report details, Ambassador Tai will propose the following modifications in strategic sectors:

Battery parts (non-lithium-ion batteries)	Increase rate to 25% in 2024
Electric vehicles	Increase rate to 100% in 2024
Facemasks	Increase rate to 25% in 2024
Lithium-ion electrical vehicle batteries	Increase rate to 25% in 2024
Lithium-ion non-electrical vehicle batteries	Increase rate to 25% in 2026
Medical gloves	Increase rate to 25% in 2026
Natural graphite	Increase rate to 25% in 2026
Other critical minerals	Increase rate to 25% in 2024
Permanent magnets	Increase rate to 25% in 2026

Semiconductors	Increase rate to 50% in 2025
Ship to shore cranes	Increase rate to 25% in 2024
Solar cells (whether or not assembled into modules)	Increase rate to 50% in 2024
Steel and aluminum products	Increase rate to 25% in 2024
Syringes and needles	Increase rate to 50% in 2024

The Report also makes recommendations for: (1) establishing an exclusion process targeting machinery used in domestic manufacturing, including proposals for 19 exclusions for certain solar manufacturing equipment; (2) allocating additional funds to United States Customs and Border Protection for greater enforcement of Section 301 actions; (3) greater collaboration and cooperation between private companies and government authorities to combat state-sponsored technology theft; and (4) continuing to assess approaches to support diversification of supply chains to enhance our own supply chain resilience.

President Biden is also directing Ambassador Tai to establish an exclusion process for machinery used in domestic manufacturing and to prioritize, in particular, exclusions for certain solar manufacturing equipment.

Next week, USTR will issue a Federal Register notice announcing procedures for interested persons to comment on the proposed modifications and information concerning an exclusion process for machinery used in domestic manufacturing.

Background

In May 2022, USTR commenced the statutory four-year review process by notifying representatives of domestic industries that benefit from the tariff actions of the possible termination of those actions and of the opportunity for the representatives to request continuation. In September 2022, USTR announced that because requests for continuation were received, the tariff actions had not terminated and USTR would conduct a review of the tariff actions. USTR opened a docket on November 15, 2022, for interested persons to submit comments with respect to a number of considerations concerning the review. USTR received nearly 1,500 comments.

As part of the statutory review process, throughout 2023 and early 2024, USTR and the Section 301 Committee (a staff-level body of the USTR-led, interagency Trade Policy Staff Committee) held numerous meetings with agency experts concerning the review and the comments received.

Specifically, the Report concludes:

- The Section 301 actions have been effective in encouraging the PRC to take steps toward eliminating some of its technology transfer-related acts, policies, and practices and have reduced some of the exposure of U.S. persons and businesses to these technology transfer-related acts, policies, and practices.
- The PRC has not eliminated many of its technology transfer-related acts, policies, and practices, which continue to impose a burden or restriction on U.S. commerce. Instead of pursuing fundamental reform, the PRC has persisted, and in some cases become aggressive, including through cyber intrusions and cybertheft, in its attempts to acquire and absorb foreign technology, which further burden or restrict U.S. commerce.
- Economic analyses generally find that tariffs (particularly PRC retaliation) have had small negative effects on U.S. aggregate economic welfare, positive impacts on U.S. production in the 10 sectors most directly affected by the tariffs, and minimal impacts on economy-wide prices and employment.
- Negative effects on the United States are particularly associated with retaliatory tariffs that the PRC has applied to U.S. exports.
- Critically, these analyses examine the tariff actions as isolated policy measures without reference to the policy landscape that may be reinforcing or undermining the effects of the tariffs.
- Economic analyses, including the principal U.S. Government analysis published by the U.S. International Trade Commission, generally find that the Section 301 tariffs have contributed to reducing U.S. imports of goods from the PRC and increasing imports from alternate sources, including U.S. allies and partners, thereby potentially supporting U.S. supply chain diversification and resilience.