

PUBLIC AFFAIRS RESEARCH SECTION 301 OVERVIEW

What is Section 301?

Section 301 of the Trade Act of 1974 is one of the main statutory mechanisms the U.S. may use to address unfair trade practices. It authorizes the USTR to investigate discriminatory conduct by a U.S. trading partner and allows the President to unilaterally impose tariffs on the offending country.

Enforcement actions imposed under Section 301 apply to trade practices that the USTR concludes:

- 1) Violate a U.S. trade agreement
- 2) Are unjustifiable and hinder or restrict U.S. commerce

How does Section 301 work?

Once the USTR begins an investigation against a U.S. trade partner, it has 12 to 18 months to negotiate a resolution with the nation. If the countries cannot reach a settlement, the USTR decides whether and how to retaliate (generally through enacting or raising tariffs).

President Trump's use of Section 301

In August 2017, the U.S. launched a Section 301 investigation into China's alleged discriminatory trade practices related to the technology transfer and theft of U.S. intellectual property. In March 2018, after the investigation found sufficient evidence that China is engaging in such misconduct, Trump announced the first round of tariffs against China and has subsequently imposed tariffs on nearly all Chinese imports over the last year. President Trump's use of Section 301 as the legal basis to impose tariffs is unusual, as the USTR has generally sought to resolve trade disputes through the WTO.

Overview USTR Tariff Scoring Process



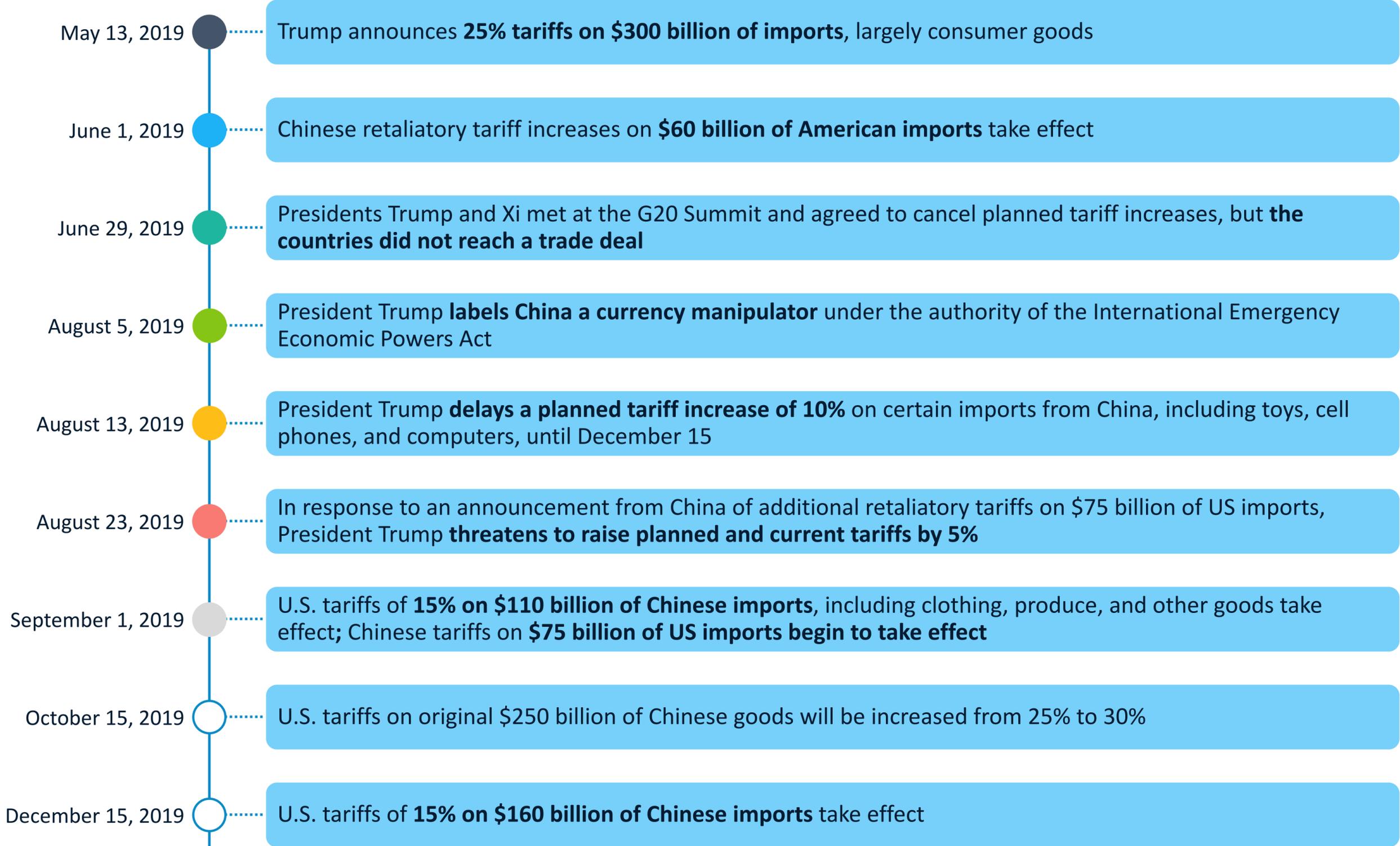
Sources for all slides: USTR, Congressional Research Service, PIIE, various news services



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LIST 1-4 TARIFF RATES

List	Tariff	Value of goods covered	Key types of goods covered	Date implemented
List 1	25% <i>30%</i>	\$34 billion	 Aircraft parts  Semiconductors  Microscopes	July 6, 2018 <i>(Tariffs will be raised on Oct. 15, 2019)</i>
List 2	25%	\$16 billion	 Motorcycles  Steam turbines  Railway cars	Aug. 23, 2018
List 3	10%, now 25%	\$200 billion	 Fabric  Modems  Seafood  Chemicals  Furniture	Sep. 24, 2018 (Tariffs raised in May 2019)
List 4A	15%	\$110 billion	 Agricultural products  Antiques  Clothes  Kitchenware  Footwear	Sep. 1, 2019
List 4B	15%	\$160 billion	 Smartphones  Laptops  Toys	Dec. 15, 2019

Bold indicates current tariff rate *Italics indicates planned tariff rate hike*

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List 1	25%	\$34B	 Soybeans  Wheat  Electric vehicles  Whiskey  Seafood  Cigars	July 6, 2018 <i>Oct. 1, 2019</i>
List 2	25%	\$16B	 Beef  Poultry  Fiber-optic cables  Motorcycles	Aug. 23, 2018
List 3	5-10% now 5-25%	\$60B	 Cosmetics  Vodka  Reptiles  Wigs  Diamonds  Video games	Sep. 24, 2018 (Tariffs raised in May 2019)
List 4	5-35%	\$75B	 Crude oil  Wheat  Cotton  Sorghum  Pork  Vehicles	Sep. 1, 2019 & Dec. 15, 2019

Bold indicates current tariff rate *Italics indicates planned tariff rate hike*

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TARIFF RATE COMPARISON

Tariff rates during the US-China trade war

■ China's average tariff rates on US goods ■ U.S. average tariff rates on Chinese goods

