Tax Insights
from Customs and International Trade

USTR imposes Section 301 tariffs following forced labor investigations

July 28, 2026

In brief

What happened?

The office of the United States Trade Representative (USTR) on July 23 announced action under Section 301 of the Trade Act of 1974 imposing additional tariffs of 10% or 12.5% on imports from 60 trading partners that account for approximately 99% of US imports. The applicable tariff rate depends on each trading partner's approach to forced labor import restrictions. For instance, a 10% tariff applies to economies that have imposed, committed to impose and enforce, or partially implemented restrictions on imports made with forced labor. A 12.5% tariff applies to economies that have failed to adopt a forced labor import prohibition. The tariffs are subject to specified product exclusions and are intended to address the failure of these economies to impose and effectively enforce prohibitions on imports produced wholly or in part with forced labor.

Why is it relevant?

The action introduces a broad, new, country-specific Section 301 tariff program affecting most major supply chains and further expands the complexity of the US trade landscape. Unlike US Customs and Border Protection's (CBP) forced labor detention authorities, application of the Section 301 tariffs does not depend on a finding that a particular shipment was produced with forced labor. Instead, liability generally turns on the product's customs country of origin and tariff classification, unless a specific product exemption or preferential treatment applies. An otherwise admissible shipment may therefore be subject to the new Section 301 duty even when it presents no separate forced labor detention concern.

Actions to consider

Companies should determine whether products sourced from the 60 affected economies are subject to the new tariffs and quantify the potential duty impact. Companies also should evaluate the availability of product-specific exemptions and assess sourcing, customs planning, and duty mitigation opportunities. Businesses should monitor USTR and CBP guidance for additional implementation details, including the establishment of tariff rate quotas (TRQ) for certain textile and apparel products and potential future modifications to the tariff program. The new tariffs do not replace existing forced-labor compliance requirements. Companies should therefore continue conducting supply-chain diligence and maintaining documentation necessary to demonstrate the admissibility of their merchandise under the Uyghur Forced Labor Prevention Act (UFLPA) and other forced-labor authorities.

In detail

Background

Following investigations initiated on March 12, 2026, USTR determined on June 2, 2026, that the acts, policies, and practices of 60 trading partners relating to their failure to impose and effectively enforce prohibitions on imports produced wholly or in part with forced labor were unreasonable and burdened or restricted US commerce under Section 301(b) of the Trade Act of 1974. At the same time, USTR proposed additional tariffs of 10% or 12.5% and initiated a public comment process, followed by public hearings. (See our prior Tax Insight for more details.) After considering testimony and written comments, USTR issued its action, establishing the additional tariffs, product exclusions, and other implementation measures for covered imports.

Additional tariffs

The final action imposes:

- A 10% tariff on goods from Argentina, Bangladesh, Cambodia, Canada, Ecuador, El Salvador, Guatemala, Honduras, India, Indonesia, Jordan, Malaysia, Mexico, Pakistan, Sri Lanka, Trinidad and Tobago, and the United Kingdom, except to the extent a product exemption applies.

- A 10% or 12.5% net of Most-Favored Nation (MFN) rate for products of the European Union, Taiwan, Japan, Korea, or Switzerland. For products of the European Union and Taiwan that are not otherwise exempt, the Section 301 duty is calculated so that the combined MFN duty and Section 301 duty equals 10%. If the applicable MFN duty is 10% or higher, the Section 301 duty is zero. For products of Japan, Korea, and Switzerland that are not otherwise exempt, the Section 301 duty is calculated so that the combined MFN duty and Section 301 duty equals 12.5%. If the applicable MFN duty is 12.5% or higher, the Section 301 duty is zero.

- A 12.5% tariff rate for goods of all other investigated economies, except to the extent a product exemption applies.

According to USTR, the 60 investigations collectively cover economies representing approximately 99% of US imports, making this one of the most expansive Section 301 actions implemented to date. The additional Section 301 duties generally are eligible for duty drawback, which provides refund opportunities of the additional duties when qualifying merchandise is exported or destroyed.

Observation: While the action applies broadly, companies in industries with globally integrated supply chains, including industrial manufacturing, consumer products, technology, automotive, and life sciences, may experience more significant customs duty implications depending on their sourcing patterns and product mix.

Scope and exclusions

The new Section 301 tariffs apply broadly to imports from the covered economies and exclude specified products identified in the Annexes to the Federal Register Notice. The action excludes certain categories of goods, including informational materials, donations, accompanied baggage, and all articles and parts of articles subject to tariffs under Section 232. USTR also excluded certain products to avoid supply disruptions and broader economic impacts, including products that cannot be produced or sourced in sufficient quantities from the United States or alternative suppliers. Additional exclusions apply where USTR determined that the tariff would not effectively address the acts, policies, and practices identified in the investigations.

In addition, certain products from Argentina, Bangladesh, Cambodia, Ecuador, El Salvador, the European Union, Guatemala, Indonesia, Jordan, Malaysia, Switzerland, Taiwan, and the United Kingdom are excluded to encourage these economies to fulfill commitments and strengthen their prohibitions on imports produced with forced labor. For certain textile and apparel products from Bangladesh, Cambodia, Indonesia, and Malaysia, the final action also retains a tariff rate quota (TRQ). USTR is working to establish the quota when feasible and once implemented, qualifying imports within the applicable quota limits would enter without the new Section 301 duties, while imports exceeding the quota would remain subject to the applicable additional tariff.

Observation: The product-specific exclusions could create different duty outcomes for products imported from the same country. For example, one product may be subject to the additional Section 301 duties while another product from the same country may be excluded. As a result, companies may need to analyze affected imports at the individual product level rather than assuming the additional tariffs apply uniformly across all imports from an affected economy.

Effective date

The additional tariffs went into effect at 12:01 am eastern time July 24, 2026, for goods entered for consumption, or withdrawn from warehouse for consumption, on or after that date. The Federal Register notice includes transition rules for goods that were loaded onto a vessel at the port of loading before the effective date and entered the United States within the specified transition period.

Key takeaways

Because the measures apply to imports from 60 economies that account for approximately 99% of US imports, companies may experience increased customs duty costs across a wide range of supply chains. These tariffs also add another layer of complexity to the US trade environment, where multiple tariff programs, product exclusions, and country-specific rules, and varying duty calculations continue to shape the total landed cost of imported goods.

This action also underscores the Administration's continued use of trade policy to advance broader policy objectives, including forced labor enforcement in global supply chains. Companies should expect increased scrutiny of country of origin, tariff classification, exclusion eligibility, and entry declarations, as these factors will determine how the new tariffs apply. With additional Section 301 investigations related to structural excess capacity and manufacturing still underway, the US tariff landscape continues to evolve, creating additional uncertainty for long-term sourcing, procurement, and investment decisions.

Let’s talk

For a deeper discussion of how these new Section 301 tariffs might affect your business, please contact:

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