CLIENT ALERTS & INSIGHTS

Forced Labor Tariffs - Public Comments Due Next Week for USTR Section 301 Investigation

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Featured Industries: Transportation & Logistics, International Trade & Supply Chain Management

Key Takeaways

- The U.S. Trade Representative recently concluded its Section 301 investigation into forced labor concerns for imports from 60 countries.
- The U.S. proposes implementing new tariffs in a two-tier structure. Imports from tier one countries with forced labor import prohibitions may face additional 10% duties. Imports from tier two countries without forced labor import prohibitions may face additional 12.5% duties.
- U.S. importer action items are to consider submitting public comments by July 6, 2026, and maintaining strenuous supply chain planning, procurement cost awareness and import compliance functions.

U.S. importers have the opportunity to submit public comment on proposed tariffs that will utilize Section 301 as a means of addressing forced labor in global supply chains. Comments are due to the U.S. Trade Representative ("USTR") by July 6, 2026. The USTR is focused on receiving input for a number of topics regarding the proposed tariffs including the duty rate increase, product exemptions and proposals on alternate tariff rates for economies that have made a commitment to enforce forced labor import prohibitions. Public hearings are set to convene on July 7, 2026, in Washington, D.C.

Two-Step Replacement Strategy for IEEPA Tariffs

The White House signaled in recent months that it would institute a two-step replacement of the universal and reciprocal tariffs imposed during 2025 under the International Emergency Economic Powers Act ("IEEPA"). The first immediate step was to apply a 10% surcharge under Section 122, which will expire on July 24, 2026, without required approval from Congress. The second step is to conclude Section 301 investigations for alleged forced labor violations in global supply chains and harms caused by surplus industrial production capacity. The forced labor investigation has concluded although open questions remain regarding implementation.

Section 301 Forced Labor Investigations Conclude

The USTR recently announced that all Section 301 forced labor investigations targets failed to impose or effectively enforce prohibitions on imports made with forced labor. The USTR initially launched this investigation into 60 economies in March 2026. Investigation findings reflect the Administration's view that weak forced labor controls abroad disproportionality affect U.S. industries by giving foreign producers a cost advantage when selling into the U.S. market.

Proposed Tariff Scheme

The USTR has proposed new tariffs on imported goods from the investigated economies. Most products will likely face additional duties of either 10% or 12.5%. Economies that already ban forced labor imports, have agreed to do so under a reciprocal trade agreement or maintain a partial forced labor compliance regime, would face a 10% duty. All other investigated economies would face a 12.5% duty. The proposal also includes a textile mechanism that would allow a limited volume of apparel and textile imports from certain economies to enter the United States at a lower Section 301 tariff rate.

Certain items identified in Annex A of the USTR announcement will not be subject to additional duties. Annex A includes civil aircrafts, products subject to Section 232 tariffs, raw materials that may become unavailable if tariffed and products that are scarcely available. United State-Mexico-Canada Agreement ("USMCA") compliant goods and textiles and apparel articles are subject to duty-free treatment under the Agreement with Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras or Nicaragua ("CAFTA-DR").

Public Comment Opportunity

Now is the time for U.S. importers to assess the USTR proposal, its impact on their businesses and consider offering public comment to voice interest and concerns over how this second step in replacing the IEEPA tariff program will be implemented. The USTR is accepting public comment until July 6, 2026, on the following topics:

- Proposed scope of products currently subject to higher duties;
- Appropriateness of products exclusions listed in Annex;
- Potential duty rate increases;
- Whether tariff rates should vary depending on whether an economy has committed to, adopted or partially implemented a forced labor import ban; and
- The textile mechanism, including products covered, market access, applicable tariff rates and the possibility of extending a similar approach to other sectors.

Interested parties can submit public comments through the USTR Comments Portal using the docket number USTR-2026-0266. The USTR will hold a public hearing on July 7, 2026, at 10 a.m. EST in Washington, D.C.

Benesch's team advises and represents clients in ongoing tariff compliance, customs counsel, and supplier and customer demands. We are available to assist in developing comments, determining tariff impacts on supply chains and foreign relationships, implementing or strengthening forced labor compliance programs, and defending against enforcement actions (including detentions or seizures at port) as and when those arise. Benesch client alerts and legal publications are available for you to receive by signing up HERE.

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