



# Forced Labor Tariffs Are Coming

How the USTR Proposal Could Impact Your Supply Chain and  
What to do Next

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# Agenda

Proposed tariff rates, covered economies,  
and available exceptions

Public comment and testimony process

Preparing for widespread forced labor  
import prohibitions

Q&A

# Background — Section 301 of the Trade Act of 1974

- Allows tariffs against foreign countries that engage in acts, policies, or practices that are “unjustifiable,” “unreasonable,” or “discriminatory,” and burden or restrict U.S. commerce.
- Defines “unreasonable” acts, policies, and practices to include “a persistent pattern of conduct that...permits any form of forced or compulsory labor.”
- More established legal authority for tariffs than IEEPA or Section 122.
- Utilized during Trump 1 and Biden administrations, but usually one country at a time.

# Background – The US Forced Labor Import Prohibitions

- Section 307 of the Tariff Act of 1930
  - Prohibits importation of goods produced **wholly or in part** by forced labor.
  - 55 current/active Withhold Release Orders
  - Rate of about 6/year under Trump 2; higher rate than under Biden (about 2/year)
  - Extra scrutiny of related shipments
- Uyghur Forced Labor Prevention Act (UFLPA)
  - Presumes all goods made/mined in Xinjiang Uyghur Autonomous Region of China are subject to Section 307, as well as shipments linked to entities on the UFLPA Entity List.
  - Almost \$4 billion in shipments detained since mid-2022
  - Number of detentions fairly constant (about 900/month), but now lower value
  - More detentions direct from China (39% first 2.5 years, 74% last 1.5 years)

# Background - Forced Labor

- Definition under US law and international (ILO) standards involves two elements: (1) involuntariness and (2) menace of penalty
- In practice, these two elements are substantiated by identified presence of some subset of the 11 ILO forced labor indicators:

Abuse of vulnerability	Retention of identity documents
Deception	Withholding of wages
Restriction of movement	Debt bondage
Isolation	Abusive working and living conditions
Physical and sexual violence	Excessive overtime
Intimidation and threats	

# Background — Section 301 Forced Labor Investigation

- March 12, 2026: USTR initiated Section 301 investigation into whether 60 economies **have implemented and enforced a forced labor import prohibition**
- April 15: Deadline for public comments
- April 28-29: Public hearings on investigation
- June 2: USTR announces determination and proposed remedies

# What Was Announced on June 2

- Recommended 10% to 12.5% tariff rates on imports from 60 economies.
  - 10%: 14 economies (Canada, Ecuador, the EU, Indonesia, Mexico, and Pakistan; Argentina, Bangladesh, Cambodia, El Salvador, Guatemala, Malaysia, and Taiwan; UK)
  - 12.5%: Other 46 countries (Algeria, Angola, Australia, The Bahamas, Bahrain, Brazil, Chile, China, Colombia, Costa Rica, Dominican Republic, Egypt, Guyana, Honduras, Hong Kong, India, Iraq, Israel, Japan, Jordan, Kazakhstan, Kuwait, Libya, Morocco, New Zealand, Nicaragua, Nigeria, Norway, Oman, Peru, The Philippines, Qatar, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Sri Lanka, Switzerland, Thailand, Trinidad and Tobago, Türkiye, United Arab Emirates, Uruguay, Venezuela, and Vietnam)
- Duties apply broadly across product categories, with key exemptions (Annex A, Section 232, USMCA, etc).
- Establishment of a “textile mechanism.”

# Stacking

- If finalized, these tariffs would likely layer on top of other Section 301 tariffs.
  - Investigation into **16 economies** for structural excess capacity and production in manufacturing sectors (initiated March 11; determination/recommendation expected any day)
    - **China, the EU, Singapore, Switzerland, Norway, Indonesia, Malaysia, Cambodia, Thailand, Korea, Vietnam, Taiwan, Bangladesh, Mexico, Japan, and India.**
  - Investigation into **China's** implementation of Phase One Agreement commitments (initiated October 28, 2025)
  - Investigation into **Vietnam's** intellectual property protection/enforcement (initiated May 29)
  - Determination and proposed remedies (**25% tariffs**) on **Brazil** (announced June 1)

# Public comment opportunity

- July 6: Deadline for public comments on USTR recommendations
- USTR is requesting the following information:
  - **Whether any products should be added or removed from Annex A** (and whether products already listed should remain there).
  - Whether any countries should have their tariff rate increased (they don't ask about any decreases).
  - Whether countries should receive different tariff rates based on their level of commitment to implementing and enforcing a forced labor import prohibition.
  - Features of the “textile mechanism.”
- June 22: Deadline to request participation in the public hearing, which starts on July 7

# What's next – when might final tariffs be in place?

Current global 10% tariffs under Section 122 expire on **July 24**.

# What's next – new forced labor import prohibitions?

- Previously-imposed forced labor import prohibitions (not yet enforced)
  - Canada (2020, forced and child labor), Mexico (2023)
- Recently-imposed prohibitions (not yet enforced)
  - El Salvador (March 6, forced and child labor), Indonesia (April 15), Pakistan (April 30), Ecuador (May 4)
- Forthcoming prohibitions
  - EU (December 2027), Malaysia (October 2027), Argentina (committed), Bangladesh (committed), Cambodia (committed), Guatemala (committed), Taiwan (committed)
- New legislation: Canada (June 3 statement)
  - **“Canada...will soon be taking action to make it even stronger, including through the introduction of new legislation this month...”**

# What's next – enforcement of forced labor import prohibitions?

Three models in recent U.S. bilateral agreements:

- Strongest – binding recognition of U.S. Section 307 determinations
  - Prohibit & Shall recognize 307 – **Guatemala, Taiwan**
- Medium – permissive recognition of 307 determinations
  - Prohibit & May acknowledge/recognize 307 - **Malaysia, Cambodia, Indonesia**
  - Prohibit & Shall consider 307 - **Argentina**
  - Prohibit & Shall review 307 – **Ecuador**
- Weakest – prohibit, no 307 reference
  - Prohibit – **El Salvador, Bangladesh**

# What's next – how much enforcement is enough?

- How is enforcement measured?
- Will the US reduce corresponding tariff rates in response?

# Preparing for a Multi-Jurisdictional Enforcement Environment

- Know your supply chain, know your forced labor enforcement risk.
- No more (or more limited) re-exportation?
- Evaluate your risk the same way the government enforcement agencies do.
  - Qualitative investigations (more than audits) of key suppliers
  - Identifying upstream risk via platforms
- Assess and emphasize your key suppliers' traceability.
- Understand both the defensive and the offensive dynamics.

# Key Takeaways

- Proposed country-wide tariffs on 60 economies, some exceptions, 10-12.5%, could be in force by July 24
- Comment deadline is July 6, and hearing requests are due June 22.
- A global proliferation of forced labor import prohibitions is likely.
- Evaluate your risk like the government does.
  - Qualitative assessments (more than audits), upstream risk via platforms, test traceability
- Understand both defensive and offensive dynamics.



# QUESTIONS?



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