

USTR Launches Broad Section 301 Investigations Regarding Excess Capacity in Manufacturing Sectors

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March 12, 2026

Investigations Cover 16 Trading Partners, May Result in Additional Tariff Action

On Wednesday, March 11, the Office of the United States Trade Representative (“USTR”) [announced](#) it is initiating a suite of investigations under Section 301 of the Trade Act of 1974 regarding “the acts, policies, and practices of certain economies relating to structural excess capacity and production in certain manufacturing sectors.”

According to USTR, this excess capacity and over-production leads to persistent trade imbalances and poses serious challenges to the U.S. economy, undermining investments in domestic manufacturing and threatening American jobs.

The agency’s announcement — which came less than three weeks after the U.S. Supreme Court struck down President Trump’s IEEPA tariffs — was widely-anticipated, as the Administration has said it would use Section 301 investigations, and potential remedies, as part of its effort to quickly rebuild the President’s tariff regime.

What Is Section 301?

Section 301 of the Trade Act of 1974 provides a statutory means for the U.S. to impose trade sanctions against foreign countries that violate a U.S. trade agreement or engage in acts, policies, or practices that are “unjustifiable,” “unreasonable,” or “discriminatory,” and burden or restrict U.S. commerce.

USTR may initiate a case based on a petition from any interested person or, alternatively, can “self-initiate,” as it did in this instance.

The Section 301 process is led by USTR, in coordination with an interagency “Section 301 Committee.” The Committee will solicit and review public comments, conduct public hearings, and make recommendations that will inform the final decision(s) by the USTR.

If USTR makes an affirmative determination to take action “to obtain the elimination of such act, policy, or practice,” such action must be implemented within 30 days, unless USTR exercises its discretion to delay implementation (by no more than 180 days) under certain specified circumstances. The action(s) taken can affect any goods, services, or other aspects of the trade relationship with the target country, subject to any “specific direction” of the President.

Once an action is in place, Section 301 allows USTR to modify or terminate the action if, for example, the foreign conduct that is the subject of the action “has increased or decreased” or “is no longer appropriate.” Section 301 action may continue indefinitely but is subject to termination at the end of four years if the domestic industry benefitting from the action does not request continuation of the action. If a continuation request is submitted before the end of the four-year period, USTR will conduct a review of the efficacy and economic effects of the action before deciding on continuation.

Which Remedies Are Available?

Section 301 authorizes the USTR to: (1) impose duties or other import restrictions (with a preference for duties), (2) withdraw or suspend trade agreement concessions, or (3) enter into a binding agreement with the foreign government to either eliminate the conduct in question (or the burden to U.S. commerce) or compensate the United States with satisfactory trade benefits. Should tariffs be imposed, the statute allows for, but does not require, an exclusion process.

President Trump used Section 301 during his first term to impose sweeping tariffs on Chinese-origin imports after USTR’s affirmative determination regarding discriminatory intellectual property rights-related trade and economic practices on the part of the People’s Republic of China (PRC). Those tariffs, covering \$370 billion in Chinese imports, remain in place today.

What is the Timeline?

Generally, USTR must finish an investigation within 12 months of initiation. In this case, Ambassador Greer has pledged to move on a much quicker timeline. The investigations may be concluded by July 24, 2026, when the temporary Section 122 tariffs are set to expire (see our blog post on those tariffs [here](#)).

Which Industries Are Covered?

In its May 11 Federal Register Notice, USTR highlighted industries “plagued by excess capacity and production,” including: aluminum, automobiles, batteries, cement, chemicals, electronics, energy goods, glass, machine tools, machinery, non-ferrous metals, paper, plastics, processed food and beverages, robotics, satellites, semiconductors, ships, solar modules, steel, and transportation equipment.

This “illustrative list” does not preclude stakeholders from commenting on other manufacturing sectors, nor does it preclude USTR from making findings related to other sectors.

Which Countries Are Covered?

Trading partners subject to the investigations include: China, the European Union, Singapore, Switzerland, Norway, Indonesia, Malaysia, Cambodia, Thailand, Korea, Vietnam, Taiwan, Bangladesh, Mexico, Japan, and India.

USTR states that these economies “appear to exhibit structural excess capacity and production in various manufacturing sectors, such as through large or persistent trade surpluses or underutilized or unused capacity.” For each economy, USTR provides illustrative examples of manufacturing sectors where it believes these conditions exist.

What Information Is USTR Seeking?

USTR is specifically seeking feedback regarding:

- The acts, policies, and practices of each investigated economy creating or maintaining structural excess capacity or production in specific sectors. The Federal Register Notice describes certain “policy interventions” that may contribute to structural excess capacity that include, for example,
 - production and export promotion untethered from market principles;
 - domestic wage suppression;
 - non-commercial activities of state-owned or -controlled enterprises;
 - sustained market access barriers;
 - lax or inadequate environmental or labor protections or social safety net;
 - subsidized lending; and
 - financial repression and “currency practices.”
- Whether the acts, policies, and practices are unreasonable or discriminatory.
- Whether the acts, policies, and practices burden or restrict U.S. commerce, and if so, the nature and level of the burden or restriction (e.g., economic assessments).
- Whether the acts, policies, and practices are actionable under section 301(b) of the Trade Act, and what action, if any, should be taken, including tariff and non-tariff actions.
- Whether there are additional considerations for assessing acts, policies, and practices that contribute to structural excess capacity or production in manufacturing sectors.

How Can Companies, Industries, and Other Stakeholders Engage?

USTR is soliciting written comments and will hold public hearings beginning May 5, 2026. Given the breadth of the investigation, we anticipate the hearings will last several days. USTR has said they will continue, as necessary, until May 8, 2026.

The agency will open a formal docket on March 17, 2026. Written comments and requests to testify at the public hearing are due April 15 and must be submitted via the agency’s docket. Further instructions are included in the Federal Register Notice. Rebuttal comments will be accepted for seven days following the last public hearing day.

Are Additional Section 301 Investigations Expected?

Yes. In fact, Ambassador Greer also announced on March 11 that a separate investigation concerning forced labor may be announced as soon as March 12. The investigation will cover “about 60” countries that have not adopted or enforced forced labor import prohibitions.