

Tariff Heat Wave: Importers Face New Section 301 Proposals, Section 232 Risk and Heightened Customs Enforcement

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LITIGATION AND TRADE REMEDIES PRACTICE

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Key Takeaways

- Section 122 duties are scheduled to expire on July 24, 2026, but the Administration is advancing alternative tariff authorities, including Section 301 and Section 232, that could replace or supplement the expiring duty structure.
- USTR has proposed new Section 301 duties of 10% or 12.5% on imports from 60 economies based on alleged failures to impose and effectively enforce prohibitions on forced-labor goods. Comments on the proposed action are due July 6, 2026.
- USTR has concluded its Brazil Section 301 investigation and proposed a 25% additional duty on goods of Brazil, subject to exemptions. Comments are due July 1, 2026.
- Trade with China remains unsettled as USTR seeks comments on a proposed U.S.-China Board of Trade while separate China-related Section 301 matters remain pending.
- Pending Section 301 and Section 232 investigations could complicate China diversification, near-shoring, and friend-shoring strategies by extending tariff risk to other manufacturing jurisdictions and sectors.
- USMCA review adds uncertainty for North American supply chains. Mexico and Canada support renewal, but President Trump has stated the United States will not agree to a 16-year renewal, which would move the agreement into annual reviews unless the parties resolve outstanding concerns. The review process could affect automotive, steel and aluminum, agriculture, labor, economic security, and regulated-product issues.
- Customs and Border Protection (CBP) enforcement is expected to intensify through the summer and fall as the Administration implements customs enforcement measures focused on importers of record, bonding, disclosure, certification, and duty-evasion risk.
- Importers that paid IEEPA or Section 122 duties should continue to preserve refund rights, track liquidation status, and monitor implementation of the Consolidated Administration and Processing of Entries (CAPE) through the ACE Secure Data Portal and appellate developments, as refund eligibility may depend on entry status and litigation posture.

The summer tariff landscape is developing quickly. As Section 122 duties approach their July 24, 2026 expiration, the Administration is advancing alternative mechanisms to preserve, replace or supplement the current duty structure. For businesses, the central issue is no longer whether a single tariff applies, but how multiple tariff programs could overlap. Several recent proposals contemplate duties that would apply in addition to other applicable duties unless an exemption applies.

In this alert, we review 10 key tariff and trade developments shaping tariff exposure, supply-chain planning and customs compliance, and offer practical steps importers should consider now to assess cumulative duty exposure and prepare for potential changes.



10 Key Tariff and Trade Developments

1. Section 301 Forced-Labor Investigations Near Completion

On June 2, the USTR announced [findings](#) in 60 Section 301 investigations concerning whether certain economies have failed to impose and effectively enforce prohibitions on the importation of goods produced with forced labor. USTR [determined](#) that the acts, policies and practices of each investigated economy are unreasonable and burden or restrict U.S. commerce, making them actionable under Section 301.

Importer Impact

Importers should determine whether their goods fall within the 10% or 12.5% proposed duty category based on country of origin, and assess whether the textile mechanism or any product-specific exclusions may apply.

Product Scope

The proposed forced-labor Section 301 action is not limited to goods suspected of being made with forced labor. Instead, USTR has proposed additional duties on all products of the 60 investigated economies unless specifically excluded in [Annex A](#). As a result, the proposal could reach consumer goods, industrial inputs, manufactured components, agricultural products, food products, apparel, textiles, electronics, machinery, and other finished and intermediate goods.

Because Annex A exclusions are tariff-classification specific, importers should confirm exposure by HTSUS code, not by general product description. Unless exempted, the proposed duties would apply in addition to other applicable duties, including existing China Section 301 duties.

KEY DATES

Requests to appear at the public hearing, with summaries of testimony, are due June 22, 2026. Written comments are due July 6, 2026, and USTR will hold hearings on July 7, 2026.

2. Brazil Section 301 Investigation Concludes

On June 1, USTR [concluded](#) that certain of Brazil's acts, policies and practices related to digital trade and electronic payment services, preferential tariffs, anti-corruption enforcement, intellectual property protection, ethanol market access and illegal deforestation are unreasonable and burden or restrict U.S. commerce and are actionable under Section 301(b) of the Trade Act.

Importer Impact

Importers of Brazilian-origin goods should model cumulative duty exposure, not just the proposed 25% Brazil-specific tariff.

Although the proposed 25% duty is lower than the 50% tariff that previously applied under now-invalidated IEEPA tariff measures, the final duty burden could be materially higher depending on tariff stacking. If the Brazil Section 301 action is finalized alongside the forced-labor Section 301 action and other applicable tariff measures, total duties on certain Brazilian-origin goods could approach levels previously seen under the IEEPA measures.

Product Scope

USTR has proposed a 25% additional duty on goods of Brazil, subject to specific exemptions. The proposal could affect Brazilian-origin consumer goods, industrial goods, agricultural products, food and beverage products, chemicals, machinery, parts, components, and other finished and intermediate merchandise. Proposed exemptions include articles already subject to Section 232 tariffs and specific HTSUS provisions listed in the annex. Importers should review the annex at the HTSUS level before assuming that a product is excluded.

KEY DATES

Requests to appear at the public hearing, with summaries of testimony, are due June 22, 2026. Written comments are due July 1, 2026, and USTR will hold a hearing on July 6, 2026. USTR noted a July 15, 2026 statutory deadline for taking responsive action.

3. Trade With China Remains Uncertain

USTR is seeking public comment on the scope and operation of a U.S.-China Board of Trade intended to manage bilateral trade between the United States and China on an ongoing basis. The request includes the identification of non-sensitive products that could potentially benefit from reciprocal tariff modifications with the objective of achieving balanced and reciprocal trade. The proposed Board of Trade could be stood up while several China-related actions remain pending, including the forced-labor Section 301 proposal, USTR's [pending investigation](#) into China's implementation of the Phase One Agreement, and the structural excess capacity investigations discussed below.

Importer Impact

Importers with China-origin goods should identify whether any products could qualify as non-sensitive candidates for reciprocal tariff modifications and consider submitting comments before USTR finalizes the mechanism. Companies importing from China should not assume near-term relief for products already subject to Section 301, Section 232, antidumping or countervailing duties, or other special duties unless and until USTR identifies specific covered products.

Product Scope

Open for advocacy. The proposal does not proffer a list of potential "non-sensitive goods." Rather, it seeks comments from the public on what goods should be considered non-sensitive, commercially significant, and suitable for reciprocal treatment, while excluding strategic, national-security-sensitive, or politically sensitive products.

KEY DATES

Comments on the proposed U.S.-China mechanism are due July 10, 2026, and rebuttal comments are due July 27, 2026.



4. Pending Section 301 Investigations Could Complicate Near-Shoring and Friend-Shoring

USTR continues to pursue several Section 301 investigations that could affect jurisdictions companies have increasingly used as alternatives to China. Although the investigations do not yet include proposed duty lists, USTR hearings have concluded in several matters and agency action could follow in the coming months.

Importer Impact

Companies pursuing China diversification, near-shoring, or friend-shoring strategies should review whether alternative sourcing jurisdictions are covered by pending Section 301 investigations and consider whether comments are warranted before applicable deadlines.

Product Scope

USTR's [structural excess capacity investigations](#) cover China, the European Union, Singapore, Switzerland, Norway, Indonesia, Malaysia, Cambodia, Thailand, Korea, Vietnam, Taiwan, Bangladesh,

Mexico, Japan, and India — many of the same jurisdictions companies have used to diversify supply chains away from China. The [investigations](#) do not yet include a proposed duty list, but USTR has described them as targeting manufacturing sectors affected by alleged foreign overcapacity and production distortions, including aluminum, automobiles, batteries, cement, chemicals, electronics, energy goods, glass, machine tools, machinery, paper, plastics, processed food and beverages, robotics, satellites, semiconductors, ships, solar modules, steel, and transportation equipment.

NEXT STEPS

USTR generally must determine whether the challenged acts, policies or practices are actionable, and what action, if any, to take, within 12 months of initiation, but action is expected soon with USTR hearings already completed in May.

5. New Vietnam Section 301 Investigation Targets IP Practices

On May 29, 2026, USTR **initiated** a new investigation into whether Vietnam's acts, policies, and practices related to intellectual property protection and enforcement are unreasonable or discriminatory and burden or restrict U.S. commerce, following USTR's identification of Vietnam as a Priority Foreign Country in the 2026 Special 301 Report.

Importer Impact

Importers with **Vietnam-origin goods** should separately evaluate whether Vietnam sourcing presents additional Section 301 risk and consider submitting comments by July 2, 2026. Importers should also model potential tariff stacking. It remains unclear how any duties imposed under the Vietnam investigation or the structural excess capacity investigations would interact with other Section 301 duties. However, if the Brazil proposal is any indication, USTR may continue to structure new duties as cumulative except where specific exemptions apply.

Product Scope

The investigation remains pending and does not yet include a proposed tariff list. Depending on USTR's findings, any eventual remedy could target Vietnam-origin goods in sectors associated with IP-intensive products,

counterfeit or pirated goods, technology, branded goods, consumer products, or other merchandise USTR determines is connected to the burden on U.S. commerce. But importers should recall that the 2018 China IP-focused section 301 investigation resulted in duties on imports well beyond the initial scope – and so product coverage in this investigation may be similarly broad.

KEY DATES

Unlike the structural excess capacity investigations, the Vietnam investigation is IP-specific and is subject to a shorter Section 301 determination deadline. USTR initiated the investigation on May 29, 2026, meaning a determination could be due as early as November 29, 2026.

6. Section 232 Sector Investigations Remain Outstanding

Several Section 232 investigations remain unresolved despite the passage of key statutory deadlines. Although no new trade restrictions have been announced, the investigations could still result in tariffs, quotas or other import measures affecting a range of strategic manufacturing and technology sectors.

Importer Impact

Companies in covered sectors should **monitor Commerce reports** and any subsequent Presidential action because pending Section 232 investigations could result in tariffs, quotas, tariff-rate quotas or other import restrictions. It is also possible that the President will take no action, and neither Commerce nor the President is required to publicly announce or justify a decision not to impose remedies.

Product Scope

Unlike Section 301 investigations, which generally focus on foreign acts, policies, or practices, Section 232 investigations focus on whether imports threaten to impair U.S. national security. Section 232 actions typically are sector-based rather than country-based, although country-specific outcomes remain possible.

Current Section 232 exposure is concentrated in several strategic sectors, including **robotics and industrial machinery; personal protective equipment**; medical consumables; medical equipment and devices; semiconductors; and **commercial aircraft, jet engines, and related parts**; drones; polysilicon; and wind turbines.

The semiconductor action has already **resulted** in a Presidential **proclamation** addressing semiconductors, semiconductor manufacturing equipment, and derivative products, including a targeted 25% tariff on certain advanced computing chips. Broader semiconductor tariffs remain possible depending on negotiations and subsequent presidential action.

NEXT STEPS

Importers should treat the Section 232 matters as near-term risk items, even where no public report or tariff action has been announced. Commerce initiated the robotics and industrial machinery investigation and the PPE/medical equipment investigation on September 2, 2025, and the 270-day statutory period for Commerce to submit its reports to the President passed in late May 2026 without public reports.

If Commerce makes an affirmative finding and transmits a report, the President generally has 90 days to determine whether to take action. The commercial aircraft, jet engines, and parts investigation also has passed the statutory timeline for action without a public announcement. The absence of a public report or announced remedy therefore does not necessarily mean the investigation has ended or that future action is off the table.

7. USMCA Review Remains Ongoing

The USMCA Joint Review process remains active, with the United States, Mexico and Canada required to meet on July 1, 2026 to state whether they support renewing the agreement for another 16 years. If one or more countries does not agree to renewal, the agreement would not terminate immediately; instead, USMCA would continue, but the parties would move into annual reviews and the agreement would expire in 2036 unless outstanding issues are resolved. Recent developments also add uncertainty. Mexico and Canada have submitted letters supporting renewal for another 16 years, but President Trump recently stated that the United States elects for annual reviews and stated that one of the agreement's key features is the ability to terminate it. USTR is conducting formal negotiations with [Mexico](#) and has recently opened discussions with Canada as part of the mandatory six-year review.

Importer Impact

Companies relying on USMCA should treat the review process as a live strategic risk, not a routine renewal exercise. Companies using USMCA should review qualification assumptions, regional value content, labor value content, steel and aluminum purchasing requirements, and documentation practices, especially where the same goods may also be affected by Section 232, Section 301 or customs enforcement initiatives.

Product Scope

The USMCA review is not a new tariff proposal, but it could materially affect product treatment for North American supply chains. Current negotiating priorities suggest that product-level implications may be concentrated in automotive rules of origin, steel and aluminum, agriculture, labor compliance, economic security, regulatory compatibility, and other goods relying on USMCA preferential treatment.

NEXT STEPS

For importers, the practical concern is uncertainty. Many industries, particularly the auto sector, rely on cross-border supply chains in which components may move among the United States, Mexico and Canada multiple times before final assembly. Loss of certainty around USMCA renewal, termination rights, or future negotiating demands could affect sourcing, pricing, customs planning, and investment decisions across the North American supply chain.

8. Customs Enforcement Actions Are Developing Through Summer and Fall

On June 3, 2026, the White House [announced](#) an [Executive Order](#) titled Strengthening Customs Enforcement. The Order directs DHS and CBP to strengthen importer-of-record requirements, increase bonding requirements, subject foreign importers of record to heightened formal-entry requirements, authorize only U.S. importers of record to file informal entries, impose good-standing requirements, increase vetting procedures, and establish disclosure and certification requirements designed to combat duty evasion and supply-chain noncompliance.

Importer Impact

The customs enforcement Executive Order is likely to be felt most acutely by importers of high-duty merchandise, goods subject to Section 301 or Section 232 duties, products with complex country-of-origin or substantial-transformation questions, goods involving foreign importers of record, and merchandise moving through supply chains with transshipment or forced-labor risk.

Product Scope

Products affected by classification, valuation, origin, first-sale, de minimis, bonding, importer-of-record, or supply-chain certification issues may face increased scrutiny as CBP implements the Order.

9. IEEPA Refund Developments

In the IEEPA refund litigation, the government has appealed Judge Eaton's April 17, 2026 injunction order in *V.O.S. Selections* to the Federal Circuit. The appeal focuses in part on whether CBP must process refunds for importers that did not file suit before the Court of International Trade and whether CBP has authority to refund entries that have already liquidated and become final.

Importer Impact

Importers that paid IEEPA duties should continue to preserve refund rights and track entry status closely. Even where the underlying tariff authority has been invalidated or enjoined, refund timing and eligibility remain subject to ongoing litigation, CBP implementation limits, and entry-specific procedural issues. Importers should identify entries that paid IEEPA duties, confirm liquidation and protest status, determine whether CAPE relief is available and evaluate whether additional action is needed to preserve refund rights.

Refund Status

CBP's CAPE refund process continues to move forward, but implementation remains phased. Phase One of the Consolidated Administration and Processing of Entries, or CAPE, became [available](#) in ACE on April 20, 2026, for certain unliquidated entries and certain entries within 80 days of liquidation.

CBP Executive Assistant Commissioner Susan Thomas testified at the June 9 CIT hearing that CAPE had processed nearly 17 million entries accounting for roughly \$95 billion in potential and certified refunds, plus interest. She also testified that approximately \$23 billion in refunds had been finalized and sent to Treasury for disbursement, with nearly \$40 billion by the end of June.

Liquidated Entries

The principal unresolved issue remains finally liquidated entries. At the June 9 hearing, DOJ continued to argue that CBP cannot reliquidate finally liquidated entries and issue refunds unless the importer individually files suit in the Court of International Trade (CIT). DOJ also stated that CBP is authorized to prepare CAPE for Phase Three, covering finally liquidated entries, but DOJ maintains that CBP is not currently authorized to process refunds for those entries absent importer-specific litigation and court relief.

Plaintiffs dispute the government's position. They argue that no statute requires a court order before CBP may issue refunds for finally liquidated entries and that limiting refunds to importers that filed CIT actions would improperly determine which importers receive refunds. Judge Eaton expressed skepticism at the hearing regarding the government's appeal of his refund order, reportedly questioning why the government would appeal while also stating that it intends to continue refunding IEEPA duties.

Timeline

Phase Two, which covers entries subject to reconciliation, is expected to launch on June 29, 2026. Thomas also testified that programming for Phase Three will be ready in late July, but that refunds for finally liquidated entries remain tied to the legal dispute over whether court orders are required.

Product Scope

For importers, refunds hinge on entry type and status – not product classification. Refund timing and risk exposure hinges on whether impacted entries are unliquidated, liquidated but not final, finally liquidated, protested, flagged for reconciliation, covered by a CAPE declaration, or subject to pending litigation.



10. Section 122 Tariff Actions Continue

Section 122 tariffs remain a separate litigation risk. Although the CIT struck down the tariffs, the government continues to defend the Section 122 tariffs on appeal and the Federal Circuit has stayed relief pending appellate review.

Current Status

As of June 11, the duties remain in effect and are expected to remain in effect until they expire on July 24, 2026.

Importer Impact

Importers should continue to treat Section 122 duties as part of the near-term tariff-planning, while continuing to preserve refund rights while appellate proceedings continue. To the extent the Section 122 duties do not survive appeal, the IEEPA refund process is likely to be instructive: the government has expressed concern that Judge Eaton's IEEPA refund order could set precedent for the pending Section 122 challenge.

What Importers Should Do Now

Importers should use the current comment windows, pending investigations, and refund litigation to move from general tariff monitoring to product-, country- and entry-specific planning. Practical steps include:

01

Identify immediate opportunities to move the policy needle. Consider whether the company should submit comments on the forced-labor Section 301 proposal, Brazil Section 301 proposal, Vietnam Section 301 investigation and/or U.S.-China Board of Trade proposal.

02

Understand product-specific exposure. Map HTSUS classifications, country of origin, supplier locations, USMCA claims, Section 232 exposure, AD/CVD coverage, and imports from the 60 forced-labor economies, Brazil, Vietnam, China and countries covered by the structural excess capacity investigations.

03

Model cumulative duty exposure. If proposed Section 301 duties stack with ordinary customs duties, other Section 301 duties, AD/CVD orders and other special tariff measures, country-specific rates could vary substantially.

04

Evaluate supply-chain alternatives carefully. Near-shoring and friend-shoring strategies may reduce China-specific risk but could create exposure under country- or sector-based investigations covering Mexico, Vietnam, India, Korea, Taiwan, Thailand, Malaysia, Cambodia, the European Union and other jurisdictions. Review pricing, force majeure, tariff pass-through and change-in-law provisions.

05

Strengthen customs compliance controls to prepare for heightened CBP enforcement. In today's environment, proving out classification, valuation, origin, and other key customs tenets and duty mitigation strategies require heightened visibility into upstream supply chains and precise recordkeeping.

06

Preserve refund rights. For entries affected by IEEPA or Section 122 tariffs, evaluate liquidation status, protest deadlines, litigation options, CAPE eligibility and available refund preservation procedures.

Conclusion

The Administration is rapidly shifting from temporary and emergency tariff tools toward more durable statutory authorities. At the same time, litigation over IEEPA and Section 122 duties continues to affect refund timing and eligibility and all imports face heightened scrutiny. For importers, the next several weeks may determine which tariff measures become permanent, which products are exempted, how tariff stacking is applied and how aggressively CBP will enforce the new regime.

Companies should use the summer comment periods to evaluate product-level exposure, participate in agency proceedings where appropriate, preserve refund rights and update customs compliance strategies before proposed tariff actions become final or enforcement expectations shift.

If your business needs strategic legal guidance or anticipates potential impacts resulting from these announcements, contact the Polsinelli's [Executive Action Working Group](#) or your Polsinelli contact.



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