

PUBLICATION

New Section 301 Investigations Target Manufacturing Overcapacity and Forced Labor

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The Office of the United States Trade Representative (USTR) recently launched two new Section 301 investigations following the Supreme Court's decision invalidating tariffs imposed under the International Emergency Economic Powers Act (IEEPA). The first targets structural excess capacity and production in manufacturing sectors in 16 countries. The second examines whether the United States' 60 largest trading partners have failed to impose and effectively enforce bans on imports of goods produced with forced labor. The administration is expected to expedite these investigations. Tariffs likely will be imposed and are expected to be at country-specific rates that mirror the recently invalidated IEEPA tariff rates.

Background on Section 301

Section 301 of the Trade Act of 1974 authorizes USTR to investigate foreign government practices that are unjustifiable, unreasonable, or discriminatory and that burden U.S. commerce. USTR may self-initiate investigations, seek consultations with the governments involved, gather advice from interagency and advisory committees, and hold public hearings and comment periods before deciding whether to pursue trade actions. Investigations normally last more than a year, but USTR will likely expedite these new investigations.

Structural Excess Capacity and Production in Manufacturing Sectors

The first investigation was announced on March 11, 2026. It examines the acts, policies, and practices of certain economies related to structural excess capacity in global manufacturing, including whether foreign government policies encourage overproduction that exceeds market demand. According to USTR, excess capacity can lead to persistent trade surpluses, depressed prices, and exports that displace U.S. production. USTR launched the investigation to address these dynamics, which it contends undermine efforts to reshore supply chains, discourage domestic investment, and weaken the competitiveness of U.S. manufacturing.

The investigation targets the European Union and 15 individual countries: China, Singapore, Switzerland, Norway, Indonesia, Malaysia, Cambodia, Thailand, South Korea, Vietnam, Taiwan, Bangladesh, Mexico, Japan, and India.

Comments are due April 15, 2026. USTR and the Section 301 Committee will hold hearings beginning May 5, 2026, continuing as necessary through May 8, 2026.

Failures to Take Action on Forced Labor

The second investigation was announced on March 12, 2026. It examines whether major trading partners impose and effectively enforce prohibitions on the importation of goods produced with forced labor. According to USTR, although U.S. law has long banned such imports due to humanitarian, economic, and national security concerns, forced labor remains widespread globally, distorting markets and harming fair competition. USTR contends that goods produced with forced labor artificially lower costs, undercutting compliant producers and threatening U.S. workers, businesses, and supply chains. USTR intends to address these concerns under Section 301.

The investigation targets 60 countries: Algeria, Angola, Argentina, Australia, The Bahamas, Bahrain, Bangladesh, Brazil, Cambodia, Canada, Chile, China (People's Republic of), Colombia, Costa Rica, Dominican Republic, Ecuador, Egypt, El Salvador, European Union, Guatemala, Guyana, Honduras, Hong Kong (China), India, Indonesia, Iraq, Israel, Japan, Jordan, Kazakhstan, Kuwait, Libya, Malaysia, Mexico, Morocco, New Zealand, Nicaragua, Nigeria, Norway, Oman, Pakistan, Peru, Philippines, Qatar, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Sri Lanka, Switzerland, Taiwan, Thailand, Trinidad and Tobago, Türkiye, United Arab Emirates, United Kingdom, Uruguay, Venezuela, and Vietnam.

Comments are due April 15, 2026. Hearings will begin April 28, 2026, and continue as necessary through May 1, 2026.

Possible Future Investigations

After the IEEPA tariffs were invalidated, USTR announced plans to launch additional Section 301 investigations targeting a range of trade issues. The announcement specifically identified structural overcapacity and forced labor, along with pharmaceutical pricing practices, digital services taxes, seafood and rice policies, ocean pollution, and alleged discrimination against U.S. technology firms. Given that USTR quickly announced the structural overcapacity and forced labor investigation, additional investigations covering the other issues are likely.

Our International Trade and National Security Team will continue to monitor developments and provide updates as warranted. If you have any questions or would like to discuss this in further detail, please contact [P. Lee Smith](#), [Matthew McGee](#), [Georgia Berthelot](#), or any member of Baker Donelson's [International Trade and National Security Team](#).