

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Docket Nos. USTR-2025-0007, USTR-2025-0020

Initiation of Section 301 Investigation: China's Implementation of Commitments under the Phase One Agreement; Notice of Hearing; and Request for Public Comments

AGENCY: Office of the United States Trade Representative (USTR).

ACTION: Notice of initiation of investigation and hearing, and request for comments.

SUMMARY: In light of the Government of China's apparent failure to comply with the January 15, 2020, Economic and Trade Agreement Between the Government of the United States of America and the Government of the People's Republic of China (Phase One Agreement), at the direction of the President, the United States Trade Representative has initiated an investigation to determine whether the rights of the United States under the Phase One Agreement are being denied or an act, policy, or practice of China violates, or is inconsistent with, the provisions of, or otherwise denies benefits to the United States under, the Phase One Agreement. The Section 301 Committee is holding a public hearing in this investigation and solicits public comment on China's implementation of the Phase One Agreement and potential actions to address these issues.

DATES:

October 24, 2025: The U.S. Trade Representative initiated the investigation.

October 31, 2025: USTR will open dockets for submission of written comments and requests to appear at the hearing.

December 1, 2025, at 11:59 p.m. EST: To be assured of consideration, submit written

comments by this date.

December 1, 2025, at 11:59 p.m. EST: To be assured of consideration, submit requests to appear at the hearing, along with a summary of testimony by this date.

December 16, 2025: The Section 301 Committee will convene a public hearing, beginning at 10:00 a.m, either virtually or at a location to be announced. If necessary, the hearing may continue on the next business day.

Seven calendar days after the last day of the public hearing: Due date for submission of post-hearing rebuttal comments.

ADDRESSES: Submit documents in response to this notice, including written comments, hearing appearance requests, summaries of testimony, and post-hearing rebuttal comments through the appropriate online USTR portal at:

<https://comments.ustr.gov/s/>.

FOR FURTHER INFORMATION CONTACT: For procedural questions concerning comments or participating in the public hearing, contact the USTR Section 301 support line at (202) 395-5725. Direct all other questions regarding this notice to Philip Butler, Chair of the Section 301 Committee, or Susie Park Hodge, Associate General Counsel, at (202) 395-5725.

SUPPLEMENTARY INFORMATION:

I. Background

On August 18, 2017, the United States Trade Representative (Trade Representative) initiated an investigation under section 301 of the Trade Act of 1974, as amended (Trade Act) (19 U.S.C. 2411), to determine whether the acts, policies, and practices of the Government of China related to technology transfer, intellectual property (IP), and innovation are unreasonable or discriminatory and burden or restrict

U.S. commerce. *See* 82 FR 40213. Based on the information obtained during the investigation, on March 22, 2018, the Trade Representative released the Findings of the Investigation Into China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation under Section 301 of the Trade Act, determining that China employed a series of technology transfer-related acts, policies, and practices that are unreasonable or discriminatory and burden or restrict U.S. commerce. In a notice published on April 6, 2018 (83 FR 14906), the Trade Representative announced a determination that the acts, policies, and practices of the Government of China covered in the investigation are unreasonable or discriminatory and burden or restrict U.S. commerce, and are thus actionable under Section 301(b) of the Trade Act.

Following a period of public notice and comment, the Trade Representative determined to take action under Section 301 in the form of additional duties of 25 percent *ad valorem* on certain subheadings of the Harmonized Tariff Schedule of the United States (HTSUS), with an approximate annual trade value of \$34 billion (List 1), effective July 6, 2018, and proposed further action. *See* 83 FR 28710 (June 20, 2018). The Trade Representative later determined to take additional action by imposing additional duties of 25 percent *ad valorem* on subheadings with an approximate annual trade value of \$16 billion (List 2), effective August 23, 2018. *See* 83 FR 40823 (August 16, 2018).

The Trade Representative subsequently modified these actions, pursuant to authority under Section 307(a) of the Trade Act. (19 U.S.C. 2417(a)). In response to China's imposing retaliatory tariffs on U.S. goods, the Trade Representative, at the direction of the President, determined that the initial actions were no longer appropriate

and modified the actions by imposing additional duties of 10 percent *ad valorem* on additional subheadings with an approximate annual trade value of \$200 billion (List 3), increasing to 25 percent *ad valorem* on January 1, 2019. *See* 83 FR 47974 (September 21, 2018). On December 19, 2018, the Trade Representative, at the direction of the President, determined to delay the increase to 25 percent for products covered by List 3 to March 2, 2019, noting that the United States was engaging with China with the goal of obtaining the elimination of the acts, policies, and practices covered in the Section 301 investigation, and the parties had agreed to continue negotiating. *See* 83 FR 65198 (December 18, 2019). Subsequently, the Trade Representative, at the direction of the President, determined to further delay the increase until further notice. *See* 84 FR 7966 (March 5, 2019).

On May 9, 2019, citing the lack of progress in negotiations with China and China's retreat from certain commitments, the Trade Representative, at the direction of the President, determined to increase the rate of additional duty for products covered by List 3 to 25 percent. *See* 84 FR 20459. Additionally, the Trade Representative, at the direction of the President, invited public comment on modifying the actions taken in the Section 301 investigation by imposing up to an additional 25 percent *ad valorem* duty on products of China under additional subheadings, with an annual trade value of approximately \$300 billion. *See* 84 FR 22564 (May 17, 2019) (May 17, 2019 notice).

On August 20, 2019, the Trade Representative, at the direction of the President, determined to modify the action further by imposing an additional 10 percent *ad valorem* duty on products of China with an annual aggregate trade value of approximately \$300 billion. *See* 84 FR 43304 (August 20, 2019) (August 20, 2019 notice). The tariff subheadings subject to the 10 percent additional *ad valorem* duties

were separated into two lists with different effective dates. The list in Annex A had an effective date of September 1, 2019 (List 4A). The list in Annex C had an effective date of December 15, 2019 (List 4B).

Citing the lack of progress in negotiations with China and China's retaliatory tariffs, the Trade Representative, at the direction of the President, determined to increase the rate of the additional duty applicable to the tariff subheadings included in the August 20, 2019 notice from 10 percent to 15 percent. *See* 84 FR 45821 (August 30, 2019) (August 30, 2019 notice). Months later, citing progress in the negotiations with China, and specifically the signing of the Economic and Trade Agreement between the Government of the United States of America and the Government of the People's Republic of China (Phase One Agreement) on December 13, 2019, the Trade Representative, at the direction of the President, determined to suspend indefinitely the imposition of the additional 15 percent duty on products covered by List 4B. *See* 84 FR 69447 (December 18, 2019) (December 18, 2019 notice). In light of the scheduled entry into force of the Phase One Agreement, on January 22, 2020, the Trade Representative, at the direction of the President, determined that the modification announced on August 20, 2019, as modified by the August 30, 2019 notice, was no longer appropriate and determined to reduce the level of additional duties on products of List 4A from 15 percent to 7.5 percent, effective February 14, 2020. *See* 85 FR 3741 (January 22, 2020 notice).

The Phase One Agreement was a momentous step towards a more fair and reciprocal trade relationship with China and a key success of President Trump's first term. It required China to make structural changes to correct distortive acts, policies, and practices in the areas of IP, technology transfer, agriculture, and financial services.

Given the persistent and large bilateral U.S. trade deficit with China, the Phase One Agreement also committed China to make substantial additional purchases of U.S. goods and services.

Unfortunately, five years following entry into force, China's lack of compliance with the Phase One Agreement appears to have undermined the conditions of competition for U.S. companies seeking to trade with and operate in China. Despite U.S. engagement with China to address these implementation concerns over the last five years, China appears not to have lived up to its commitments under the Phase One Agreement, including commitments on IP, forced technology transfer, agriculture, and financial services. Additionally, although China committed to purchasing certain specified values of U.S. goods and services in calendar years 2020 and 2021, totaling more than \$535 billion, official U.S. export data appears to show that China's purchases fell short by more than \$217 billion in the aggregate and across almost all of its purchase commitments.

II. Initiation of Section 301 Investigation

Section 302(b) of the Trade Act authorizes the Trade Representative to initiate an investigation to determine whether conduct is actionable under section 301 of the Trade Act. Actionable conduct under section 301(a) includes, *inter alia*, that the rights of the United States under any trade agreement are being denied or that an act, policy, or practice of a foreign country violates, or is inconsistent with, the provisions of, or otherwise denies benefits to the United States under, any trade agreement.

On October 24, 2025, in accordance with the specific direction of the President, the Trade Representative initiated a section 301 investigation to determine whether the rights of the United States under the Phase One Agreement are being denied or an act,

policy, or practice of China violates, or is inconsistent with, the provisions of, or otherwise denies benefits to the United States under, the Phase One Agreement.

Pursuant to section 302(b)(1)(B), the Trade Representative consulted with the appropriate advisory committees. The Trade Representative also consulted with the inter-agency Section 301 Committee. Pursuant to section 303(a) of the Trade Act, the Trade Representative has requested consultations with the Government of the People's Republic of China.

Pursuant to section 304 of the Trade Act, the Trade Representative must determine whether the act, policy, or practice under investigation is actionable under section 301. Upon determining that U.S. rights under a trade agreement are being denied, section 301(a) provides that the Trade Representative shall take all appropriate and feasible action authorized under section 301(c), subject to the specific direction, if any, of the President regarding such action, and all other appropriate and feasible action within the power of the President that the President may direct the Trade Representative to take to enforce such rights.

This investigation initially will focus on China's implementation of the Phase One Agreement and whether China has fully implemented its commitments under the Agreement. In addition, the investigation will examine the burden or restriction on U.S. commerce resulting from any non-implementation by China of its commitments under the Phase One Agreement, and what action, if any, should be taken in response.

III. Request for Public Comments

USTR invites interested persons to submit written comments or oral testimony on any issue covered by the investigation. In particular, USTR invites comments regarding:

- Whether non-implementation by China of its commitments under the Phase

One Agreement denies rights of the United States or an act, policy, or practice of China denies benefits to the United States.

- China's implementation of its commitments under the Phase One Agreement, including concrete examples of non-implementation of specific commitments.
- Any estimate of the burden or restriction on U.S. commerce resulting from any non-implementation by China of its commitments under the Phase One Agreement.
- What action, if any, should be taken to address these issues, including:
 - The level and scope, if any, of duties on products of China.
 - The level and scope, if any, of fees or restrictions on services of China.
 - The level and scope, if any, of import restrictions on products of China.
- The appropriate aggregate level of trade to be covered by any additional duties on products of China, fees or restrictions on services of China, or import restrictions on products of China.

To be assured of consideration, USTR must receive written comments by 11:59 p.m. EST on December 1, 2025, in accordance with the instructions in section V below.

IV. Hearing Participation

The Section 301 Committee will convene a public hearing on December 16, 2025, either virtually or at a location to be announced, beginning at 10:00 a.m. Persons wishing to appear at the hearing must provide written notification of their intention and a summary of the proposed testimony by 11:59 p.m. EST on December 1, 2025, in accordance with the instructions in section V below. Remarks at the hearing are limited to five minutes to allow for possible questions from the Section 301 Committee.

Post-hearing rebuttal comments, which should be limited to rebutting or

supplementing testimony presented at the hearing, may be submitted within seven calendar days after the last day of the public hearing, in accordance with the instructions in section V below.

V. Submission Instructions

Interested persons must submit written comments, requests to appear at the hearing, summaries of testimony, and post-hearing rebuttal comments using the appropriate docket on the portal at <https://comments.ustr.gov/s/>. To submit written comments, including post-hearing rebuttal comments, use the docket on the portal entitled ‘Request for Comments on the Section 301 Investigation of China’s Implementation of Commitments under the Phase One Agreement,’ docket number USTR-2025-0007.

Interested persons wishing to provide testimony at the hearing must submit a notification of intent and summary of testimony using the docket entitled ‘Request to Appear at the Hearing on the Section 301 Investigation of China’s Implementation of Commitments under the Phase One Agreement,’ docket number USTR-2025-0020.

You do not need to establish an account to submit comments or a notification of intent to testify. The first screen allows you to enter identification and contact information. Third-party organizations such as law firms, trade associations, or customs brokers should identify the full legal name of the organization they represent and identify the primary point of contact for the submission.

Fields with a gray Business Confidential Information (BCI) notation are for BCI information that will not be made publicly available. Fields with a green (Public) notation will be viewable by the public.

After entering the identification and contact information, you can complete the

remainder of the comment, or any portion of it, by clicking 'Next.' You may upload documents at the end of the form and indicate whether USTR should treat the documents as business confidential or public information. Any page containing BCI must be clearly marked 'BUSINESS CONFIDENTIAL' on the top of that page and the submission should clearly indicate, via brackets, highlighting, or other means, the specific information that is BCI. If you request business confidential treatment, you must certify in writing that the information would not customarily be released to the public. Parties uploading attachments containing BCI also must submit a public version of their comments. If these procedures are not sufficient to protect BCI or otherwise protect business interests, please contact the USTR Section 301 support line at (202) 395-5725 to discuss whether alternative arrangements are possible.

USTR will post attachments uploaded to the docket for public inspection, except for properly designated BCI. You can view submissions on USTR's electronic portal at <https://comments.ustr.gov/s/>.

Jennifer Thornton,

General Counsel,

Office of the United States Trade Representative.