



12 March 2026

USTR Initiates Section 301 Investigations Relating to Structural Excess Capacity and Production in Manufacturing Sectors

On March 11, the Office of the United States Trade Representative (USTR) [announced](#) new investigations under Section 301 of the Trade Act of 1974 relating to *Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity*. This announcement follows the recent Supreme Court ruling that tariffs enacted under the International Emergency Economic Powers Act (IEEPA) were unlawful. Additional Section 301 investigations may be initiated in the coming weeks.

USTR focuses on 16 economies, with a broad range of sectors potentially impacted

The newly initiated Section 301 investigations focus on 16 economies “that 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.” These include China, the European Union, Singapore, Switzerland, Norway, Indonesia, Malaysia, Cambodia, Thailand, Korea, Vietnam, Taiwan, Bangladesh, Mexico, Japan, and India. At least a dozen of these trading partners have finalized or announced trade deals with the United States under the previous IEEPA tariff regime.

In the [Federal Register Notice](#) announcing the investigations, USTR states, “Key trading partners have developed production capacity untethered from the incentives of domestic and global demand. This excess capacity leads to, among others, overproduction and large or persistent trade surpluses, as well as underutilized and unused capacity, in manufacturing sectors.”

USTR provides an illustrative list of sectors that may be prone to overproduction, 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. In addition to these sectors, USTR identifies other sectors, including textiles, pharmaceuticals, medical apparatuses, footwear, toys and sporting goods, and agricultural products in the context of specific economies within the broader investigations - indicating the potential scope of policies and practices that could be at issue.

In a press release, Ambassador Jamieson Greer said, “The Trump Administration’s reindustrialization efforts continue to face significant challenges due to foreign economies’ structural excess capacity and production in manufacturing sectors. Across numerous sectors, many U.S. trading partners are producing

more goods than they can consume domestically. This overproduction displaces existing U.S. domestic production or prevents investment and expansion in U.S. manufacturing production that otherwise would have been brought online. In many sectors, the United States has lost substantial domestic production capacity or has fallen worryingly behind foreign competitors.”

Acts, policies, and practices that may be in focus

USTR identifies a number of acts, policies, and practices by trading partners that may have resulted in excess capacity or overproduction in certain sectors. According to the notice, “[t]his may include: (1) promoting production and export untethered from market drivers of supply, demand, and investment, including through subsidies; (2) suppressing domestic wages; (3) non-commercial activities of state-owned or - controlled enterprises; (4) sustained market access barriers; (5) lax or inadequate environmental or labor protection or social safety net; (6) subsidized lending; (7) financial repression and currency practices; and others.”

USTR invites public comments and participation in a public hearing

USTR will open a public comment period for written comments on March 17, 2026. USTR specifically invites comments on the following:

- The acts, policies, and practices of each investigated economy creating or maintaining structural excess capacity or production in specific sectors.
- 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. This would include economic assessments of the burden or restriction.
- 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.

Written comments must be submitted in the [USTR portal](#) by April 15, 2026. USTR will hold a public hearing on May 5, 2026. Requests to testify at the public hearing, as well as a summary of the testimony, must be submitted to [USTR](#) by April 15, 2026. Post-hearing rebuttal comments will then be due 7 days after the hearing concludes.

Potential timeline for Sec. 301 investigations

Under Section 301 of the Trade Act of 1974, USTR generally has 12 months to complete an investigation. That said, USTR has indicated that it would move expeditiously in conducting new Section 301 investigations, suggesting that findings and associated reports could come as early as this summer. USTR

may also try to conclude these investigations before the 10% tariffs imposed under Section 122 expire on July 24, 2026.

See the Federal Register Notice [here](#).

See the USTR press release [here](#).

If you have questions, please contact Blake Harden (blake.harden@ey.com) or Evan Gieseemann (evan.gieseemann@ey.com).

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