



December 23, 2025

Notice of Action in Section 301 Investigation of China's Acts, Policies, and Practices Related to Targeting of the Semiconductor Industry for Dominance

Today (December 23), the Office of the U.S. Trade Representative (USTR) published a Notice of Action in its Section 301 investigation of China's acts, policies, and practices related to targeting of the semiconductor industry for dominance. USTR has determined that China's acts, policies, and practices are actionable under the statute and announced an 18-month phase in of tariffs on semiconductors and related products. Effective today, the initial tariff rate will be 0 percent and will increase to a yet-to-be-determined rate on June 23, 2027.

Section 301 Investigation

On December 23, 2024, USTR initiated an investigation under Section 301 of the Trade Act of 1974 into China's acts, policies, and practices related to targeting of the semiconductor industry for dominance, "including to the extent that China's semiconductors are incorporated as components into downstream products for critical industries like defense, automotive, medical devices, aerospace, telecommunications, and power generation and the electrical grid."

USTR invited public comments and held a hearing on March 11, 2025. USTR says that it also requested consultations with the Government of China, but that the consultations were declined. After a year-long investigation, USTR has determined that "China's targeting of the semiconductor industry for dominance is unreasonable and burdens or restricts U.S. commerce and thus is actionable." According to the statute, "[a]n act, policy, or practice is unreasonable if, while not necessarily in violation of, or inconsistent with, the international legal rights of the United States, it is otherwise unfair and inequitable."

USTR has not yet released the full report. However, in the [Notice of Action](#), USTR says it has determined that China's targeting of the semiconductor industry is unreasonable for a number of reasons, including:

- China's exertion of "extraordinary control over the semiconductor industry, and other economic actors . . . enables China to direct and influence their commercial behavior in pursuit of its targeted dominance, in ways that run counter to fair competition and market-oriented principles."
- China's practices do "not reflect market competition and [are] unconstrained by market forces."
- China's practices "harm foreign competitors and purchasers by creating and exploiting dependencies."

In addition, USTR determined that China's targeting of the semiconductor industry for dominance burdens or restricts U.S. commerce because it "undercuts business opportunities for and investments in the U.S."

semiconductor industry" and "creates economic security risks from dependence and vulnerabilities in sectors critical to the functioning of the U.S. economy."

Determination of Action

Based on its findings, USTR has determined that "responsive action is appropriate and . . . includes taking tariff action now on semiconductors from China." USTR has set an initial rate of 0 percent on covered products. That rate will increase in 18 months - on June 23, 2027 - to a level that will be "announced not fewer than 30 days prior to that date." While the Notice of Action does not say this explicitly, USTR's announced action appears designed to avoid upsetting the one-year trade truce announced by President Trump and Chinese President Xi in November.

Tariffs under this action will be in addition to the 50 percent tariff rate imposed on semiconductors from China under the Section 301 investigation related to forced technology transfer. These products will also still be subject to antidumping, countervailing, and other duties, fees, actions and charges that apply. Further, "[a]ny product covered by the Annex to this notice, except any product that is eligible for admission under 'domestic status' as defined in 19 CFR 146.43, which is subject to the additional duty imposed by this determination, and is admitted into a U.S. foreign trade zone on or after [December 23, 2025] only may be admitted as 'privileged foreign status' as defined by 19 CFR 146.41."

A full list of products covered by this tariff action are included beginning on [page 9 of the Notice of Action](#). Additional guidance from CBP is presumably forthcoming but not yet available.

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

Washington Council Ernst & Young

Washington Council Ernst & Young (WCEY) is a group within Ernst & Young LLP that combines the power of a leading professional services organization with on-the-ground knowledge, personal relationships and attention to detail of a boutique policy firm. We provide our clients with timely, relevant Washington insight and legislative advisory services customized to their needs. To learn more, contact wcey@ey.com.