The Multiple Logics Behind the U.S.–China Section 301 Tariffs: A Cross-Disciplinary Analysis of International, Political, and Economic Factors

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Abstract. The U.S.-China trade conflict flared up again on May 14, 2024, when the U.S. finally decided to restore Section 301 tariffs on Chinese goods, four years after the Trump administration ended its review of China's policies. This paper uses methods from international relations, economics, and the political economy to explain how strategic, domestic, and economic factors shaped the design and implementation of the tariffs. High tariffs were levied on Chinese exports of strategic significance, mainly extending to electric vehicles, semiconductors, and clean energy products. Phased implementation and exclusion policies mitigated their economic impact and potential inflationary effects within the U.S. Overall, the levying of high tariffs was a strategically motivated response aimed at national security. At the same time, the implementation was economically prudent because it allowed for alternative supply sources and limited pass-through costs. The tariffs enjoyed political support among specific industries and labor groups ahead of an election year and was backed by related programs such as CHIPS and the Inflation Reduction Act. Internationally, coordination with allies and the weakened enforcement of rules by the World Trade Organization also provided a favorable environment for unilateral action. In summary, this paper provides an integrated explanation for the tariff escalation in 2024 and suggests testable hypotheses for further research on price pass-through, trade diversion, and welfare effects.

Keywords: U.S.–China relations, tariff policy, international relations, political economy, trade policy.

1. Introduction

In May 2024, the United States raised Section 301 tariffs on Chinese goods after four years of review and began a new chapter of the U.S.–China trade conflict. The United States raised tariffs of up to 100% on five major industries. The United States has imposed tariff increases of up to 100% on five key industries within the electric vehicle and semiconductor sectors and rolled out phased implementation/exclusion in a gradual adjustment. It was part of a trend of using export control and allied economic-security policies, as well as diminishing World Trade Organization (WTO) enforcement, of which domestic policies such as Creating Helpful Incentives to Produce Semiconductors Act (CHIPS) and the Inflation Reduction Act (IRA) were components. Most of the analysis of these tariffs offers partial explanations. The economic literature explains high pass-through and heterogeneous welfare effects of tariffs and trade diversion toward allies. The international relations literature describes tariffs as part of geo-economic statecraft, where control over global supply chains can be used as leverage. The political economy literature explains how organized sectors' lobbying can lead to escalation, and elections create political incentives to escalate. Most of the analysis focuses on 2018–2020 tariffs and analyzes the 2024 episode as a separate decision node. This paper analyzes the May 2024 tariffs using a cross-disciplinary "converging forces" framework. It argues that the United States was able to escalate when three forces converged: economic statecraft was deemed economically feasible, permissible internationally, and politically advantageous domestically. The paper reconstructs the design of May 2024 tariffs by sector, timing, and rationale using policy document analysis of White House and Office of the United States Trade Representative (USTR) releases, Federal Register notices, and related materials from institutions. These materials were analyzed using policy document analysis, and the results of the analysis informed a broad literature review. The contribution is theoretical and practical. Theoretically, it

bridges perspectives from economists, international relations scholars, and political economy scholars to explain how trade policy has become an instrument of security strategy. Practically, it offers a narrative account of the 2024 tariffs and generates hypotheses on price pass-through, trade diversion, and political impacts. This paper improves understanding of great-power rivalry in trade and informs future policy design.

2. Literature Review

2.1. Economic Effects of the U.S.–China Tariff Conflict

In terms of economic effects, most academic studies on the U.S.–China tariff conflict concentrate on tariff passthrough, aggregate welfare impact, supply chain adjustments, and trade diversion. First, tariff passthrough effects are evident. In the 2018–2020 U.S.–China tariff war, evidence indicates that most of the tariffs were passed through to U.S. import prices. Chinese exporters reduced prices by only a little, so the U.S. import price bore the bulk of the tariff burden. U.S. retail margins absorbed part of the shock [1]. Second, welfare and output effects were heterogeneous. In aggregate, the impact on U.S. GDP was small but not negligible [2]. When tariffs were levied on Chinese intermediate inputs, the competitiveness of U.S. exporters using these inputs declined dramatically, and their output decreased substantially. The effect was larger when the U.S. exporters were highly exposed to Chinese inputs [3]. Third, supply chains and trade diversion occurred; that is, imports diverted to third countries and U.S. allies. That is, there was a partial "decoupling" and diversification trend [4]. From the above experience, the May 2024 tariff escalation is not expected to pose a major macroeconomic risk. Rather than applying tariffs broadly, the United States sought to redirect sourcing and protect strategic industries through precisely targeted measures. These actions were closely coordinated with domestic industrial programs such as the CHIPS Act and the IRA, while being complemented by allied substitution strategies to strengthen supply-chain resilience and reduce dependence on China. The key insight is that heterogeneity matters. Tariff pass-through is high for low-margin commodities but lower when brands or long-term supplier relationships allow partial cost absorption. Upstream sectors remain protected, whereas downstream users of tariffed inputs face higher production costs. Therefore, tariff policy must be highly selective, providing strong protection to strategic industries while avoiding bottlenecks and excessive costs for essential capital goods.

2.2. International Relations Perspective

From an international relations perspective, the U.S.–China tariff war is nothing new. The theory of weaponized interdependence explains how states can leverage their positions at the centre of networks to limit the actions of rivals [5, 6]. This is the case when it comes to digital infrastructure and high-technology supply chains, where control over the central nodes of these networks provides a source of leverage for states. The 2014 and 2018 tariffs formed part of a policy toolbox. Used alongside export controls and investment screening, they limited the access of Chinese firms to the US market in EVs, semiconductors, and clean energy more widely. As such, the US blocked off market access as part of a policy of national security. At the institutional level, the paralysis of the WTO Appellate Body meant that U.S. Section 301 tariffs (DS543) were not enforced. This reduced the external constraints on unilateral action. U.S. allies, most of all the EU, adopted risk-aversion and de-risking policies through the European Economic Security Strategy (2023) and Advancing European Economic Security (2024) [7, 8]. These frameworks normalized specific economic security measures and gave tacit approval to US actions. In other words, security has seeped into economic governance, a development that signals a structural shift in the international system, as well as a securitization behavior on the part of states [9, 10]. In this new context, the US did not merely treat tariffs as trade tools, but as core components of US national security strategy.

2.3. Political Economy Perspective

From a political economy perspective, tariffs are granted and designed due to lobbying from interest groups and electoral incentives. Protection for Sale is classic in this regard: governments will give protection to sectors that can lobby to be protected (are organized) and pass the fiscal burden to unorganized consumers [7]. In practice, autos (particularly EVs), semiconductors, metals, and clean energy are highly organized and influential sectors in US policy. They not only lobby heavily but also fund elections. Consumers are highly unorganized, although impacted. 2024 was different. Tariffs removal would have meant making concessions to organized industries and voters. Tariff retention and escalation had political rewards. Empirically, tariff escalation was correlated with domestic industrial objectives (CHIPS, IRA), and labor objectives [8]. In 2024, trade policy became a field of partisan competition and voter targeting [9]. Summing up, the political economy logic would predict tariff escalation was more politically advantageous than removal in 2024 (especially in an election year).

2.4. Literature Assessment

Overall, there is significant scholarship in economics, IR, and political economy, but few studies examine a single policy event through a cross-disciplinary mechanism analysis. Most of the previous works focused on broad episodes, e.g., the 2018 to 2020 tariffs, and paid little attention to a single decision node. At this critical juncture, the legal framework of Section 301, the paralysis of the WTO enforcement mechanism, the cautious behavior of allies, and the prevailing economic conditions interacted closely. The analysis bridges this gap. Based on evidence from law, institutions, and economics, the study offers a view of the May 14, 2024, tariff escalation and makes testable hypotheses. Matching insights from different disciplines reveals a convergence of economic feasibility in 2024, international legitimacy, and domestic political points earned. Tariffs were economically sustainable, internationally justified as a matter of security, and political points well earned. This perfect storm is why escalation was a nearly inevitable outcome. Economics provided feasibility, IR provided intent and opportunities, and political economy consolidated coalitions and opportunities. All conspired decisively in 2024.

3. Methodology

3.1. Policy Document Analysis

This material is based on the Policy Document Analysis Method, a method for extracting content, organization, and rationale of official documents. The method identifies sectoral tariff rates, targeted groups, timing, and policy rationales. Main sources include the White House Fact Sheet and Presidential Memorandum of May 14, 2024, USTR Four-Year Review report, Federal Register notices of September 18 and December 16, 2024, and materials provided by the WTO, United States International Trade Commission (USITC), the European Union (EU), and relevant U.S. agencies. Together, the material serves the role of a policy-analysis matrix for the May 14, 2024, Section 301 tariffs, which enables the construction of a sector- and timing- and exclusion-based tariff matrix in Chapter 4.

3.2. Literature Research Method

The literature research method supplements document analysis with academic findings from economics, international relations, and political economy. Studies were gathered from major research databases and university archives while adhering to interdisciplinarity, completeness, and reliability principles. Economic literature informs about tariff pass-through, welfare effects, supply-chain adjustments, and trade diversion international relations literature can offer views on weaponized interdependence and allied de-risking, and political economy literature can shed light on lobbying behavior and electoral incentives. These bodies of literature provide the analytical underpinning for

the strategic and domestic logics of tariff design. Given the overlap between CHIPS, IRA, and export controls, the analysis focuses on plausible mechanisms rather than causal relationships. Issues related to import front-loading, delays in response, and third-country rerouting are acknowledged. To enhance robustness, the analysis anchors analytical claims in statutory milestones, treating announcement and effective dates as separate exercises, and addressing the exclusion process systematically. The empirical propositions based on this framework are developed in Section 5.3.

4. Results

4.1. Structure and Phasing of the Section 301 Tariffs

The policy structure of the Section 301 tariffs is as follows: The May 14, 2024, Section 301 tariffs imposed higher duties on several strategic industries but with varying rates. EV tariffs have reached 100% in 2024. Semiconductor tariffs will be 50% in 2025. With solar cells and modules, 50% tariffs were applied in 2024 while machinery was exempted to protect the domestic industry. Similarly, for steel and aluminum, tariffs of 25% took effect in 2024. For ship to shore cranes, 25% tariffs were applied in 2024. For select medical products, tariffs ranging from 25% to 50% were implemented between 2024 and 2026. Rationales were not uniform, ranging from preventing capital flight and protecting domestic investment (EVs, semiconductors), ensuring the possibility of deploying solar (September 18, 2024), adjusting for overcapacity (steel, aluminum), ensuring port security (cranes), and enhancing pandemic resilience (medical products). The Section 301 tariffs were implemented in phases. The May 14 action was used as the anchor point. The September 18, 2024, announcement spelled out the first stage and took effect in late 2024. The December 16, 2024, notice finalized the design and confirmed that January 1 triggers would take effect in 2025 and 2026. The announcement also included a lag period for U.S. companies, giving them time to adjust. For U.S. allies, it provided room to export more and substitute away from Chinese suppliers. In summary, the policy framework for the May 14, 2024, Section 301 tariffs is presented in Table 1.

Table 1. Policy Matrix of the May 14, 2024, Section 301 Tariffs

Numble	Policy Title	Issuing Institution	Date	Main Content
1	White House Fact Sheet: President Biden Takes Action to Protect American Workers and Businesses from China's Unfair Trade Practices	White House	May 14, 2024	Announces results of the four-year review and tariff measures
2	Presidential memorandum on actions related to the statutory four-year review of Section 301	White House	May 14, 2024	Directs USTR to implement Section 301 tariff measures
3	Four-year review of actions taken in the Section 301 investigation: Full report & executive summary	U.S. Trade Representative	May 14, 2024	Comprehensive review report submitted to President and Congress
4	Notice of modification of action pursuant to the statutory four-year review of section 301 investigation	Federal Register	September 18, 2024	Announces first stage of tariff adjustments and effective dates
5	Notice of modification: further / final changes to section 301 tariffs	Federal Register	December 16, 2024	Publishes final modification and 2025/2026 tariff lists

6	Hiroshima leaders' Communiqué	G7 Leaders	May 21, 2023	G7 joint communiqué on economic security and supply chains
7	United States—Tariff measures on certain goods from China: Report of the Panel (WT/DS543/R)	World Trade Organization	September 15, 2020	WTO Panel ruling on U.S. Section 301 tariffs
8	China's position on the China-US economic and trade consultations (White Paper)	State Council Information Office	June 2, 2019	China's official position on consultations with the U.S.
9	China's position on China-US economic and trade relations (White Paper)	State Council Information Office	January 10, 2025	China's official position on trade relations with the U.S.
10	Economic impact of Section 232 and 301 tariffs on U.S. industries (USITC Publication 5404)	U.S. International Trade Commission	March 15, 2023	USITC report assessing the impact of tariffs on industries
11	European Economic Security Strategy	European Commission	June 20, 2023	EU framework introducing "de-risking" principles for economic security and supply-chain resilience.
12	Advancing European Economic Security	European Commission	Jan 24, 2024	EU follow-up communication deepening strategic coordination on economic-security measures.
13	CHIPS for America Program: Fact Sheets	U.S. Department of Commerce, NIST	2024	Outlines funding programs, eligibility, and national-security rationale under the CHIPS Act.
14	Final Rule on § 6417 Direct Pay Election under the Inflation Reduction Act	U.S. Department of the Treasury & IRS	2024	Specifies procedures for direct-pay tax credits supporting clean-energy industries.
15	Final Rule on § 6418 Transferability of Applicable Credits under the Inflation Reduction Act	U.S. Department of the Treasury & IRS	2024	Defines rules for credit transferability to private investors in strategic-industry projects.

4.2. Sectoral and Institutional Contrasts

Sectoral variation on May 14, 2024, Section 301 tariffs reflect economic feasibility as well as political calculations. EVs bore the brunt of very high tariffs 100% on a security rationale, with assistance from the unions and electoral politics. Semiconductors received a 50% tariff until 2025 but with more protectionist-minded footing for downstream feasibility. Solar energy indicated competitiveness. However, equipment restrictions must still be lifted to ensure project viability. Critical minerals and non-EV batteries postponed until 2026 reflecting weaker constraints. Institutionally, domestic law (the Section 301 Four Year Review) provided the legal framework, and

the president enjoyed the legitimacy to implement it. There was no legal enforcement in the WTO, while the de-risking approach by the allies ensured a relatively permissive international environment. In sum, domestic institutions facilitated escalation, while weakened international constraints enabled unilateralism.

4.3. Extended Analysis

Two mechanisms are salient. First, the exclusion process itself absorbed a shock, reducing collateral damage to US capital investment. So, the cost of a domestic solar manufacturing machine was zero. Second, the announcement lag and the implementation lag served a different purpose and were clearly intentional. By design, they signaled U.S. willingness and simultaneously bought allies time to adjust. In other words, lagged implementation allowed those suppliers to export more, which was the intended effect.

5. Discussion

5.1. Converging Forces Mechanism

The May 2024 tariffs were the meeting of strategic, domestic, and economic logic. Competition in EVs, batteries, and semiconductors laid bare American weaknesses in high-tech supply chains. Allied de-risking and regulatory coordination attenuated the external costs of unilateralism [5, 6]. Tariffs were therefore infused with the logic of weaponized interdependence, that is, how economic networks may be deployed as instruments of power [5]. Politically, the timing of the decision was just right. Autos, EVs, metals, and clean energy benefited from CHIPS and IRA subsidies, while organized labor and political coalitions preferred production subsidies over tariffs. The returns to keeping tariffs were higher than the returns to removal in an election year [7, 8]. Pass-through was high, aggregate costs were low, and supply-chain diversion reduced the impact on consumers. Each of these three dimensions—international, political, and economic—mutually reinforced one another, making the 2024 tariffs strategically and politically sustainable.

5.2. Mapping to Theory

Their observed movement can be viewed through three related lenses. First, “Weaponized interdependence” provides insight into the motivation for using network centrality to exert economic pressure while insulating themselves via allied de-risking [5]. Second, “Protection for sale” provides insight into the domestic rationale for sectoral targeting and interest-group mobilization [7]. Third, the “Bagwell Staiger framework” provides a lens through which to view these moves in trade-agreement theory, in which unilateral moves are taken because enforcement is weak, and states invoke security exceptions [11]. Combined, these lenses provide insight into how international strategy and domestic politics created the conditions under which economic incentives led to the May 2024 tariff escalation. This cross-disciplinary combination provides a theoretical foundation for the empirical tests in Section 5.3.

5.3. Research Findings and Testable Hypotheses

Based on the literature and the theoretical mapping in this paper, one can advance several hypotheses and test them on customs and corporate data relative to effective policy dates in September 2024, January 2025, and January 2026. The main prediction is that the implementation of Section 301 tariffs will raise U.S. import prices by a lot and U.S. exporters’ prices by only modest amounts, suggesting that importers will on average bear most of the burden of the tariffs. If implemented, the tariffs would also have limited aggregate welfare and inflation impacts, while the output and investment of protected sectors would be likely to increase relative to trends, and that of protected downstream sectors to decrease. Tariffs on Chinese intermediate goods would be expected to cause trade diversion toward third-country and allied suppliers, while U.S. exporters using those inputs

would contract, unless effective substitutes from allies are available, in which case trade diversion would be faster and domestic pass-through effects lower.

The validity of the theoretical model can be tested empirically. It would be rejected if pass-through rates stay low, despite large reductions in exporter prices; if no trade diversion toward allies and third countries materializes; or if widespread surges in consumer prices emerge, suggesting weak or ineffective exclusion and substitution. On the other hand, sector-by-sector expansion in investment, fast allied substitution, and limited inflationary impacts would support and validate the propositions developed in this paper.

5.4. Boundary Conditions and Policy Implications

Policy outcomes hinge on implementation of tariffs, domestic substitute capacity, and allied cooperation. When substitute capacity is absent, countries face supply shortages if they cannot obtain substitute production. Poor coordination with allies may give room for circumvention around the tariffs, and excessively broad tariffs may put consumers at risk. In addition, China's tariff response (or other policy countermeasures) may change the expected payoffs. About policy implications are effective tariff design requires a balancing act between effective strategic protection and allied coordination. Combinations of tariffs, CHIPS and IRA incentives should be accompanied by time-bound performance reviews, cooperation with allies on minerals and export restrictions, and closing arbitrage loopholes. Reforming the dispute-settlement mechanism, expanding the exclusion window, and institutionalizing sectoral dialogues may also help in stabilizing expectations.

6. Conclusion

The May 14, 2024, tariff escalation illustrates the convergence of economic, political, and international logics in U.S.-China trade policy. Economically, tariff renewal was feasible because costs were manageable and alternative suppliers were available. Geopolitically, allied de-risking and the paralysis of the WTO's Appellate Body reduced collective resistance. Politically, the tariffs benefited strategic industries and labor constituencies and aligned with domestic industrial policies such as the CHIPS Act and the IRA. Together, these forces created a coherent rationale for maintaining tariff escalation in strategic sectors such as electric vehicles and semiconductors. This study contributes to the literature by integrating weaponized interdependence, protection for sale, and trade-agreement theory into a unified explanation of the 2024 tariffs. It demonstrates how a cross-disciplinary approach helps explain tariff measures as instruments of national security and provides research-based findings and testable hypotheses for future empirical validation. Evidence from trade and firm-level data can further clarify the mechanisms of price pass-through, welfare distribution, and trade diversion. Extending the "converging forces" framework to other cases may enhance understanding of how trade and security policies interact in a changing global order. However, this analysis has limitations: it relies primarily on qualitative policy analysis and secondary data. Future research should incorporate quantitative testing across multiple tariff episodes and evaluate the dynamic feedback between tariff policy, industrial upgrading, and international coordination.

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