

## **USTR “SECTION 301” FORCED LABOR DETERMINATIONS IRREPARABLY FLAWED AND DO NOT JUSTIFY IMPOSITION OF TARIFFS**

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Members of the 301 Committee:

Thank you for this opportunity to provide comments on behalf of the Progressive Policy Institute on the tariffs recommended in USTR’s June 2 “Section 301” report entitled “*Acts, Policies, and Practices of Various Economies Related to the Failure to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labor.*”

By way of introduction, the Progressive Policy Institute (PPI) is a 501(c)(3) non-profit think-tank, established in 1989 and led by President Will Marshall, and publishes on a wide range of public policy topics. PPI has participated in U.S. trade policy debates since its founding, through public commentary, Congressional testimony, convenings, and participation in TPSC and U.S. Trade Representative Office hearings. I have served as PPI’s Vice President since 2021, and direct research and publishing on trade policy and global economy topics. Before joining PPI, I served as Assistant USTR for Policy and Economics, with responsibility for overseeing agency economic research and use of trade data, chairing the interagency Trade Policy Staff Committee, and administering the Generalized System of Preferences. The latter role included work with the Office of Labor Affairs and other USTR offices on GSP’s labor standards criterion, including an eventually successful benefit review for Uzbekistan related to forced labor in cotton harvesting.

USTR’s Report covers 60 economies, together providing about 97% of U.S. goods imports. It recommends imposing tariffs of 12.5% on goods from 54 of these economies, and 10% on goods from the other six.<sup>1</sup> Extrapolating from last year’s attempt to impose a 10% worldwide “International Emergency Economic Powers Act” tariff, this will likely cost American goods-buyers about \$100 billion annually — a very large figure, over 100 times the average value of imported goods CBP blocks each year on suspicion of forced labor content.

We believe the report does not make the case for such an action. My testimony explains this by examining four topics:

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<sup>1</sup> U.S. Trade Representative Office, “Acts, Policies, and Practices of Various Economies Related to the Failure to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labor,” June 2026, <https://ustr.gov/sites/default/files/files/Press/Releases/2026/USTR%20Report%20Sec%20301%20FL%20301%206-2-26%20FINAL%20for%20upload.pdf>.

- The apparent goal of this investigation, as set out early this year by senior administration officials, which we believe inconsistent with the purpose of the statute and a breach of the separation of powers;
- The Report’s assertions about the 60 economies’ alleged imports of goods made with the use of forced labor, which appear to us to lack factual evidence;
- The Report’s argument that flows of goods made with forced labor impose a burden on American commerce, which likewise appears to lack factual evidence; and
- The appropriate approach for administrations wishing to create new U.S. tariff rates.

## **IMPROPER USE OF SECTION 301**

Most fundamentally, as we noted last month on the accompanying Section 301 investigation of “structural excess capacity” in 16 economies, this investigation appears to be an inappropriate use of Section 301. Senior administration officials have said its goal is not related to the statute’s purpose — to address unreasonable “acts, policies, and practices” in foreign countries burdening U.S. commerce — but rather to re-create the tariff rates set under last year’s “International Emergency Economic Powers Act” Executive Orders, after the Supreme Court declared them illegal. Treasury Secretary Bessent previewed this investigation as follows:

“Six Justices ... ruled that IEEPA authorities cannot be used to raise even one dollar of revenue. This administration will invoke alternative legal authorities to replace the IEEPA tariffs. We will be leveraging Section 232 and Section 301 tariff authorities that have been validated through thousands of legal challenges. Treasury’s estimates show that the use of Section 122 authority, combined with potentially enhanced Section 232 and Section 301 tariffs, will result in virtually unchanged tariff revenue in 2026.”<sup>2</sup>

That is not an appropriate use of Section 301. The statute’s authors in 1974 clearly did not intend it to be a revenue vehicle, and still less a device presidents could use to nullify Congress’s Constitutional authority over tariff rates, and create their own tariff systems by decree. Rather, they meant it as a tool to address and reform specific objectionable policies abroad. Thus, the investigation’s purpose, as stated by Secretary Bessent, appears inconsistent with Congressional intent and a breach of the separation of powers.

### **I. FORCED LABOR BACKGROUND: AVAILABLE DATA AND U.S. EXPERIENCE**

Turning now to the Report’s core topic, we share the view that forced labor is an egregious violation of human rights, and agree that U.S. policy has an important role in eliminating it at home and worldwide. We are not, however, persuaded by the Report’s claims that the U.S. approach to this issue is ideal, that the 60 economies on its list are clearly significant importers of goods produced with the use of forced labor, and that flows of such goods self-evidently impose the “burden on U.S. commerce” the Section 301 statute requires for tariffs or other “remedies.”

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<sup>2</sup> “Secretary of the Treasury Scott Bessent’s Remarks Before the Economic Club of Dallas – Economic Security First,” February 20, 2026, <https://home.treasury.gov/goods-production/news/press-releagoods-productionses/sb0403>.

Before turning to these points, it may be useful to summarize the state of knowledge about forced labor. Since forced labor enterprises are criminal businesses, we lack official statistics describing their productive scale and the degree to which those engaged in goods production sell products worldwide as opposed to domestic markets. We can, however, use International Labour Organization (ILO) research, data published by U.S. Customs and Border Protection (CBP) as guideposts, and recent U.S. experience at home with the prosecution of a very large domestic forced-labor enterprise, to provide some basic data and illustrative examples.

*Human and Financial Scale:* The ILO has published two systematic reports on worldwide forced labor as of 2021, which serve as points of reference, including in USTR’s investigation. The ILO’s 2022 report estimates the number of people engaged in forced labor worldwide, surveys the ‘sectors’ in which it appears, and describes the forms it can take. The authors believe 27.6 million people were in forced labor conditions worldwide in 2021 — about 0.7% of the 3.4 billion-strong global labor force — including 6.3 million people working in “industry” (which in ILO usage combines manufacturing, utilities, construction) and 2.1 million people in “agriculture.” They find that the most common form of forced labor, representing about 9.9 million of the 27.6 million workers, involves trapping workers in jobs by withholding pay, while other forms include confiscating the passports of migrant workers, debt bondage, threats of violence by criminal gangs, and, in 1% of the cases, actual chattel slavery.<sup>3</sup>

The ILO’s follow-up report in 2024 examines the financial scale of forced labor. In this case, the authors estimate (again as of 2021) a global total of \$236 billion in profits from the practice. About three-quarters of this came from human trafficking for sexual purposes, while “industry” profits totaled \$35.4 billion and “agriculture” profits \$5.0 billion.<sup>4</sup> The report does not estimate the actual value of goods and services these enterprises produce, but the combined \$40.4 billion in “industry” and “agricultural” profits would be roughly 0.1% of the World Bank’s estimates of \$30 trillion in value-added industry and agricultural output as of 2021<sup>5</sup>, and likewise about 0.1% of the \$25 trillion<sup>6</sup> worth of annual goods exports.

*Trade Flows:* Neither international research nor U.S. reporting suggests how large the specifically international flow of forced-labor goods might be, in absolute terms or as compared to purely domestic commerce. The ILO’s 2022 report observes that forced labor rates appear “highest in severity and scale” in “informal micro- and small enterprises operating at the lower links of supply chains in high-risk sectors and locations. It also notes that with respect to trade destined for wealthier countries, forced labor is likely most common in “raw materials

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<sup>3</sup> International Labour Organization, “Global Estimates of Modern Slavery: Forced Labour and Forced Marriage,” September 2022, <https://www.ilo.org/publications/major-publications/global-estimates-modern-slavery-forced-labour-and-forced-marriage>.

<sup>4</sup> International Labour Organization, “Profits and Poverty: The Economics of Forced Labour,” March 2024, <https://www.ilo.org/publications/major-publications/profits-and-poverty-economics-forced-labour>.

<sup>5</sup> See World Bank databases for “Industry (including construction) Value Added (Current U.S. Dollars), accessed June 2026, <https://data.worldbank.org/indicator/NV.IND.TOTL.CD>, and “Agriculture, Forestry, and Fishing, Value Added (Current U.S. Dollars), accessed June 2026, <https://data.worldbank.org/indicator/NV.AGR.TOTL.CD>.

<sup>6</sup> World Trade Organization, “Merchandise Trade Statistics Dashboard,” accessed June 2026, [https://stats.wto.org/dashboard/merchandise\\_en.html](https://stats.wto.org/dashboard/merchandise_en.html)

production in the lower links of supply chains of consumer goods.”<sup>7</sup> This suggests, though does not prove, that the amount of forced labor products that enter international trade flows is modest.

CBP’s statistics on U.S. blockages and seizures of goods suspected of forced labor content suggest a similar conclusion. The agency has imposed nine “Withhold Release Orders” in the last three fiscal years, blocking \$1.75 billion worth of imports in FY2024, \$0.16 billion in FY2025, and \$0.07 billion through June of FY 2026 under Section 307 and the Uyghur Forced Labor Prevention Act.<sup>8</sup> Though these totals obviously vary greatly, the average of around \$0.8 billion a year would be roughly 0.03% of the U.S.’s \$3.3 trillion annual imports of goods. Note that CBP imposes these based on “reasonable suspicion” of forced labor content<sup>9</sup>, rather than absolute proof, so while some forced-labor goods imports likely escape notice, CBP’s blockages may include some shipments wrongly suspected of having forced-labor content.

*Domestic cases:* At home, the Justice Department reports about 200 prosecutions a year for peonage, human trafficking, and forced labor, most commonly in the sex industry. DHS reports that it finds forced labor most often in domestic service — 20% of cases — with some cases in the food-producing industry, including agriculture in 5% of DHS findings.<sup>10</sup> We also occasionally see cases in U.S. manufacturing, with recent examples including forced labor at a Georgia flooring company in 2025<sup>11</sup> and child labor and wage theft at a California poultry processing plant in 2023.<sup>12</sup>

Most notably, as USTR was drafting this Report, the Justice Department concluded a five-year investigation of a forced-labor enterprise in Georgia onion and blueberry harvesting operating from 2015 to 2020, with the last of 24 sentencings for offenses including international forced labor trafficking, various forms of fraud, and money laundering on June 12.<sup>13</sup>

This case provides an unusually detailed look at the inner workings of a very large forced-labor enterprise involved in goods production. Its core was a labor-contracting business called Rojas Avila Harvesting, which provided seasonal harvesting workers from Central America for onion

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<sup>7</sup> International Labour Organization, *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*, September 2022, pg. 28, <https://www.ilo.org/publications/major-publications/global-estimates-modern-slavery-forced-labour-and-forced-marriage>.

<sup>8</sup> “Forced Labor” Enforcement Actions,” Customs and Border Protection, accessed June 2026, [www.cbp.gov/trade/forced-labor/enforcement](http://www.cbp.gov/trade/forced-labor/enforcement).

<sup>9</sup> “Withhold Release Order and Finding Modification Guide,” Office of Trade, Customs and Border Protection, accessed June 2026, [https://www.cbp.gov/sites/default/files/2025-05/FLD\\_Withhold\\_Release\\_Order\\_and\\_Finding\\_Modifications\\_Guide.pdf](https://www.cbp.gov/sites/default/files/2025-05/FLD_Withhold_Release_Order_and_Finding_Modifications_Guide.pdf).

<sup>10</sup> “Forced Labor in the United States,” Department of Homeland Security, accessed June 2026, <https://www.dhs.gov/blue-campaign/forced-labor-united-states>

<sup>11</sup> “ICE Atlanta unveils results of labor trafficking investigation,” Immigration and Customs Enforcement, April 2025, <https://www.ice.gov/news/releases/ice-atlanta-unveils-results-labor-trafficking-operation>.

<sup>12</sup> “Department of Labor Finds Children Employed Illegally in Dangerous Jobs, Obtains \$4.8 Million in Wages, Damages for Poultry Industry Workers in California,” U.S. Department of Labor, May 2024, <https://www.dol.gov/newsroom/releases/whd/whd20240502>.

<sup>13</sup> “Three Defendants Associated with Human Trafficking Operation Sentenced to Federal Prison,” U.S. District Attorney’s Office, Southern District of Georgia, June 12, 2026, <https://www.justice.gov/usao-sdga/pr/three-defendants-associated-human-trafficking-operation-sentenced-federal-prison>.

and blueberry farmers in six South Georgia counties. The farmers — almost all unaware of the company’s abuses — contracted with Rojas Avila Harvesting management, paying the company to recruit these workers and take responsibility for visa fees and paperwork, transport costs, housing, and wages. On the workers’ arrival — very much as the ILO reports describe — Rojas Avila officers would confiscate their passports, take part of their wages, impose debt on them for transport costs, and threaten them with violence should they leave or seek help. Over the six years of the scheme, the Justice Department’s indictment reports that they extracted about \$200 million in profits.<sup>14</sup>

The U.S. Attorney’s release on the case does not tell us whether any of the onions and berries were exported abroad, or alternatively, sold purely to U.S. domestic groceries and food producers. Our official trade data for the period during which this scheme was operating, though, reports exports of blueberries to 59 countries and onions to 80 countries. Either way, the products tainted by association with Rojas Avila Harvesting appear to have sold at normal market prices, as the goal of the operators was not to “undersell” other businesses but to earn maximum profits for themselves.

In sum, forced labor is present both worldwide and in the United States. It is likely on a relatively small scale, whether compared to total employment, industrial output, or trade, but it is a real phenomenon and an egregious human rights violation.

## **II. CLAIM OF “UNREASONABLE” ACTS, POLICIES, OR PRACTICES UNCERTAIN**

Let us now turn to USTR’s Report.

A “Section 301” investigation must identify “acts, policies, or practices” by a foreign government, and then demonstrate that these impose an “unreasonable” burden on U.S. commerce. As an example, USTR’s 2018 report on Chinese forced technology transfer and industrial espionage first identified policy directives, government agencies assigned to carry them out, and the buildings in which the agencies operated, and second conducted a professional modeling of economic impact estimating about \$50 billion worth of “burden” through captured intellectual property, lost exports, artificial creation of new competitors, and so on.<sup>15</sup> One can argue about whether the ensuing tariff increase was successful in practice or a poor policy choice. But the 2017 Report did identify unreasonable “acts, policies, or practices,” explain their implementation in practice, and try to demonstrate a “burden on U.S. commerce” through examples and economic analysis.

With respect to the first step, identifying “acts, policies, or practices,” this 2026 Report’s argument is that (a) the *absence* of a forced-labor import ban identical to America’s (passed in 1930, updated in 2015 and amplified by passage of the Uyghur Forced Labor Prevention Act in

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<sup>14</sup> See Justice Department indictment document filed at the U.S. District Court, Southern District of Georgia, October 5, 2021, at <https://www.justice.gov/usao-sdga/press-release/file/1450546/dl?inline>.

<sup>15</sup> “Investigation: Technology Transfer, Intellectual Property, and Innovation,” Office of the U.S. Trade Representative, March 2018, <https://ustr.gov/sites/default/files/Section%20301%20FINAL.PDF>.

2021), or (b) a U.S. judgment that an existing foreign law on the practice is not as good as the American version, or (c) a U.S. government judgment that such a law exists but is not sufficiently enforced in practice, are all legally equivalent to the *presence* of the “acts, policies, or practices” the Section 301 statute requires.

The Report acknowledges that this argument may raise doubts, but notes that some comparable previous assertions — for example, investigations in the 1990s of insufficient copyright or patent protection overseas — held up against legal challenge. This is correct, though the fact that earlier Section 301 investigations withstood challenge obviously does not mean all will do so. We note also that this particular use of the argument rests on a premise that the U.S.’s approach to forced labor trade is superior to all others, which is less persuasive. For example, former USTR Office of Labor Affairs staffer Desiree LeClercq observes that the European Union’s forced-labor law has stronger evidentiary rules than America’s, and therefore more safeguards against false or mistaken accusation, and unlike the U.S., bans not only imports from other countries into the European Union but also exports of goods containing forced labor inputs from the EU to other countries.<sup>16</sup> This is a significant difference, given that U.S. goods-producing industries in recent years have not been wholly free of forced labor.

### **III. FAILURE TO DEMONSTRATE “BURDEN ON U.S. COMMERCE”**

The uncertain identification of “acts, policies, or practices” is not, however, the Report’s main flaw. Rather, the Report fails on two counts:

- (i) It does not provide evidence showing that the listed economies are importing goods made with the use of forced labor;
- (ii) It does not demonstrate that, if any country on the list actually is importing goods made with the use of forced labor, this necessarily burdens U.S. commerce.

The Report therefore fails to provide justification for any tariff — let alone the actual \$100-billion annual “burden” its recommendation would impose on American families, manufacturers, farmers, retail, restaurants, construction firms, and other goods-buyers.

#### **A. Failure to Demonstrate Actual Imports of Forced-Labor Goods**

First, to demonstrate that a foreign country’s imports of goods made with forced labor impose a “burden” on the United States, the Report must obviously show that the country regularly imports goods made with forced labor. For the vast majority of countries on the 60-economy list — Japan, Australia, the U.K., Canada, Mexico, Sri Lanka, Singapore, New Zealand, Thailand, Korea, Jordan, Taiwan, South Africa, Chile, and dozens more — the report skips this over entirely. We do not see in the Report, in fact, any examples of shipments of goods verifiably

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<sup>16</sup> Desiree LeClercq, “The Section 301 Surge Continues: Investigating the Adoption/Enforcement/Administration of Forced Labor Import Bans,” International Economic Law and Policy Blog, March 18, 2026, <https://ielp.worldtradelaw.net/2026/03/the-section-301-surge-continues-investigating-the-adoption-enforcement-administration-of-forced-labor-import-bans/>.

made with the use of forced labor passing through customs and into consumer markets or production chains.

Lacking these, the Report instead attempts an approximation by noting that the listed economies are known to import some goods on the Labor Department’s “TVPRA” list, and may use them as inputs in production:

“USTR was able to identify major downstream industries by extrapolating from several sources, including: the TVPRA List and DOL’s ImportWatch tool; industry descriptions of production process inputs and outputs; and trade data. Each of the following is a top exporter of at least one good for which forced labor has been found as an input: Australia, Austria, Argentina, Bangladesh, Belgium, Brazil, Cambodia, Canada, Chile, China, Colombia, Costa Rica, Czech Republic, Denmark, Dominican Republic, Ecuador, Egypt, Finland, France, Germany, Hong Kong, Hungary, India, Indonesia, Italy, Japan, Jordan, Latvia, Malaysia, Mexico, Morocco, Netherlands, Nicaragua, Norway, Pakistan, Peru, Poland, Portugal, Romania, Singapore, Slovakia, South Africa, South Korea, Spain, Switzerland, Taiwan, Thailand, Türkiye, United Kingdom, and Vietnam.”<sup>17</sup>

This obviously does not prove that any of the actual shipments of the relevant goods included forced-labor content. In fact, a brief survey of U.S. trade data shows that it could be used equally well to target the United States — U.S. businesses regularly import cacao beans from Cote d’Ivoire, coffee from Costa Rica, cobalt from the Democratic Republic of Congo, and numerous other goods on such lists. This by no means shows that these American firms are buying forced-labor goods, since the Labor Department does not claim that all goods on its TVPRA list are invariably made with forced labor. Likewise, foreign countries’ imports of goods on this list do not prove purchases of forced-labor goods.

To cite one especially startling example, having surveyed Bahamian law, the Report finds it insufficient and determines that Americans buying Bahamian goods — principally restaurants buying sea crayfish, and Floridian purchasers of fuel — should pay a 12.5% tariff. In fact, in a typical year, the U.S. itself supplies about 85% of Bahamian imports, mainly fuel from Texas and Louisiana and processed foods from Florida.<sup>18</sup> Some of these U.S. products may, in fact, involve forced labor. The Georgia onion and blueberry case is a vivid example, as most or all fresh produce in the Bahamas appears to come from the United States. But it would be reckless to make a claim that the U.S. was exporting forced-labor goods without clear evidence. And as with dozens of countries on the list, the Report appears to have reached its determination without any survey of actual Bahamian trade patterns, let alone actual evidence of forced-labor imports.

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<sup>17</sup> U.S. Trade Representative Office, “Acts, Policies, and Practices of Various Economies Related to the Failure to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labor,” June 2026, pg. 37, <https://ustr.gov/sites/default/files/files/Press/Releases/2026/USTR%20Report%20Sec%20301%20FL%20301%206-2-26%20FINAL%20for%20upload.pdf>

<sup>18</sup> International Monetary Fund “International Trade in Goods Database” for Bahamas imports by country at <https://data.imf.org/en/datasets/IMF.STA:IMTS>; Department of Commerce TradeStats Express database for state-by-state exports to Bahamas, at <https://www.trade.gov/report/tradestats-express-national-and-state-trade-data>

## IV. Failure to Demonstrate Unfair Pricing

Second, the Report fails to show that, if any of the countries the investigation covers do in fact buy goods made with forced labor, this would necessarily impose a “burden” on U.S. commerce.

The Report does make a plausible argument about how this *might* happen:

“Unfair competition from forced labor goods adversely affects U.S. exports in the markets in which they compete. In general, these goods are able to be sold in markets, including those of the investigated economies, at a lower price and in greater volumes than they would but for the use of forced labor. When U.S. exports are forced to compete with lower-priced forced labor goods, they do so at a disadvantage. This, in turn, may affect U.S. exports of competitive goods through lost sales, revenues, and exports. This may ultimately decrease the profitability of U.S. producers.”<sup>19</sup>

Some forced-labor enterprises may well operate that way, hoping to capture market share by selling at unreasonably low prices. But they might equally hope to capture maximum profit for themselves by selling at market prices — as the Rojas Avila Harvesting enterprise operating in Georgia’s onion and blueberry harvests in the late 2010s did.<sup>20</sup> Or, given the ILO’s view that forced-labor enterprises selling on world markets are typically small suppliers of low-level raw materials, many might simply accept whatever price buyers might offer. In the latter two cases, import-competing American businesses and U.S. exporters on world markets would suffer no burden. Very possibly, there may be no “in general” rule of the type the Report asserts. Only empirical research and analysis could settle this question, and the Report offers none.

Two of the Report’s “case studies,” in fact, suggest that “profit-maximizing” may be more common than “market-share capturing.” On pp. 30-44, the Report argues that because of supposedly inadequate European Union laws, EU members Spain and Poland are damaging American exporters of rice, tobacco, malt liquor, and cigarettes, by respectively buying Burmese rice and Malawian tobacco. The passage relating to Spain is as follows:

“The TVPRA list has flagged rice from Burma as being at risk of forced labor since 2009. ... While not all of Spain’s imports of rice from Burma were necessarily produced using forced labor, the prevalence of forced labor in rice production in Burma strongly suggests that at least some of Spain’s imports of rice were produced wholly or in part with forced labor. ... Faced with higher input costs, Spain would have exported a lower volume of downstream malt beer products... [while] the United States would likely have experienced greater sales, revenues, and exports of malt beer, all else equal.”<sup>21</sup>

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<sup>19</sup> U.S. Trade Representative Office, “Acts, Policies, and Practices,” pg. 37.

<sup>20</sup> “Human Smuggling, Forced Labor Among Allegations in South Georgia Indictment”, U.S. Department of Justice, November 2021, <https://www.justice.gov/usao-sdga/pr/human-smuggling-forced-labor-among-allegations-south-georgia-federal-indictment>.

<sup>21</sup> U.S. Trade Representative Office, “Acts, Policies, and Practices,” pg. 44.

The similar passage on Poland asserts that Polish purchasing of tobacco from three Malawian companies placed under a CBP “Withhold Release Order” from November 2019 to May 2021<sup>22</sup> likely damaged U.S. tobacco farmers and cigarette manufacturers:

“While we acknowledge that not all of Poland’s imports of tobacco from Malawi were necessarily produced using forced labor, the prevalence of forced labor in tobacco production across Malawi prior to CBP’s modification of its region-wide WRO strongly suggests that a significant proportion, if not most, of Poland’s imports prior to 2020 were produced wholly or in part with forced labor.”<sup>23</sup>

This is not remotely enough to show any burden on American commerce. The use of the phrase “strongly suggests” in both cases implies that the Report’s authors don’t know whether either Spain or Poland actually bought goods produced with the use of forced labor, and simply assume that they might. Moreover, recent U.S. trade data show imports of small quantities of Burmese rice and regular purchases of Malawian tobacco. This alone should be enough for USTR to forgo a tariff response, and instead respond by working with the EU and the two governments to evaluate their supply chains — and ours — and remedy any current problems.

Still more strikingly, neither passage bolsters its abstract logic with actual information about rice and tobacco prices. In fact, Burmese rice last year sells at prices similar to those for Indian, Cambodian, and other South and Southeast Asian rice producers, though below the rates for U.S., Korean, and Japanese rice.<sup>24</sup> And rice, as a raw material, is a small factor in malt liquor prices anyway. Malawian tobacco, mostly “burley” grade, likewise sold for less than higher-quality American flue-leaf tobacco before CBP imposed its WRO. But it appears to have brought about the same price as comparable “burley” tobacco from Malawi’s immediate neighbor, Mozambique, even before CBP’s 2021 declaration that forced labor had been remediated in Mozambican tobacco, suggesting little if any pricing disparity.

## **U.S. FORCED-LABOR POLICY GENERALLY WEAKENED SINCE 2024**

In sum, the Report does not produce evidence that the specific listed economies are buying forced-labor goods. Nor does it demonstrate that, if some are, this would necessarily impose any burden at all on U.S. commerce. The two gaps mean that the Report overall fails to meet “Section 301’s” statutory requirements, and cannot justify any imposition of a tariff.

Meanwhile, outside the world of trade policy, American forced-labor policy has noticeably eroded since 2024:

- In April 2025, the Trump administration’s “Department of Government Efficiency” program abolished nearly all U.S. government support for projects to fight forced labor

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<sup>22</sup> “CBP Modifies Withhold Release Order on certain tobacco imports from Premium Tobacco Malawi Limited,” Customs and Border Protection, May 2021, [www.cbp.gov/newsroom/national-media-release/cbp-modifies-withhold-release-order-certain-tobacco-imports-premium](https://www.cbp.gov/newsroom/national-media-release/cbp-modifies-withhold-release-order-certain-tobacco-imports-premium).

<sup>23</sup> U.S. Trade Representative Office, “Acts, Policies, and Practices,” pp. 39-40.

<sup>24</sup> “Asia: White Rice Export Prices Rise on Firming Demand, Tighter Supply,” Rice News Today, December 2025, <https://ricenewstoday.com/asia-white-rice-export-prices-rise-on-firming-demand-tighter-supply/>

and child labor overseas — 69 projects in total, with a budget of nearly \$600 million — and monitor progress towards its elimination.<sup>25</sup>

- The administration simultaneously sharply cut staffing at the Labor Department’s International Affairs Bureau and abolished the U.S. Agency for International Development entirely, diminishing U.S. government expertise and institutional memory on these issues.
- And at home, staffing and budgeting for the enforcement of domestic forced-labor law are well below 2024 levels. Academic analysis of Labor Department budget documents suggests, for example, that the number of field inspectors assigned to wage and hour offenses, including several forms of forced labor, has fallen from 974 as of 2024 to 611 as of last year.<sup>26</sup>

All this suggests that the Trump administration does not view forced labor abroad as an especially important economic problem, and that the core purpose of this investigation remains Secretary Bessent’s hope to rebuild last year’s IEEPA tariffs.

## **THE CONSTITUTION EXPLAINS HOW TO CHANGE OVERALL U.S. TARIFF RATES**

In sum, therefore, PPI’s strong view is that the Report does not provide grounds for the imposition of tariffs. The investigation’s aim, as described by the Treasury Secretary, is at odds with the purpose of “Section 301.” The Report lacks factual evidence establishing that the listed economies import goods made with forced labor. And it lacks the economic analysis necessary to prove that if one or more of them is doing so, this creates a burden on American commerce, let alone one on a scale that would justify an actual \$100 billion annual tariff burden on Americans buying goods.

Again, we at PPI share the view that forced labor is an egregious human rights violation and an appropriate target for policy. We therefore urge the withdrawal of this recommendation, and a return to vigorous support for forced-labor remediation and eradication abroad and at home, cooperation with governments seeking to improve their laws and implementation, and coordination with U.S. friends, neighbors, and allies on an important issue of common concern.

More generally, we do not share the administration’s support for higher tariffs. Tariff increases are regressive for American families, at odds with U.S. trade commitments, and (as the past year’s experience has shown) more likely to shrink than enlarge U.S. manufacturing. But as we

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<sup>25</sup> “Cuts to a Little-Known U.S. Agency Undermine the Global Fight Against Forced Labor,” Foley Hoag, December 2025, <https://foleyhoag.com/news-and-insights/blogs/global-business-and-human-rights/2025/december/cuts-to-a-little-known-u-s-agency-undermine-the-global-fight-against-forced-labor/>.

<sup>26</sup> See Department of Labor Budget Justifications for Fiscal Years 2024 to 2026, available at <https://www.dol.gov/general/budget/archive>. Also see Workplace Justice Lab report by Barnes, Fine, Galvin, Round, and Shepherd, noting that as of 2025 the Labor Department’s Wage and Hour Division employed 611 investigative staff, the lowest count since the 1970s, at <https://news.northwestern.edu/stories/2025/05/new-report-labor-investigator-staffing-hits-52-year-low-raising-the-risk-of-wage-theft>.

noted in our earlier comment on USTR’s “Structural Excess Capacity” investigation,<sup>27</sup> the administration does have an appropriate option if it wishes to create a new tariff system.

That option is implicit in USTR’s most recent “President’s Trade Policy Agenda” report, which terms the Constitution “our most important trade agreement.” The Constitution says clearly that Congress has “the power to lay and collect Taxes, Duties, Imposts, and Excises.” It does not enable presidents to bypass Congress and set tariff rates by decree. Previous presidents who wanted higher tariff rates accordingly did not try to wrench old laws from their intended purposes, but instead went to Congress and requested legislation to raise rates. If the Trump administration wants a higher tariff rate, it should follow its example.

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<sup>27</sup> See Edward Gresser, “Inconsistent With Statutory Goals, Misunderstanding Economics: The Trump Administration’s Investigation of ‘Structural Excess Capacity’ in Manufacturing,” Progressive Policy Institute, May 8, 2026, <https://www.progressivepolicy.org/inconsistent-with-statutory-goals-misunderstanding-economics-the-trump-administrations-investigation-of-structural-excess-capacity-in-manufacturing/>.