

# U.S.–China Section 301 Tariff Evasion: 2018–2025

An Alliance for Trade EnforcementNOW (ATEN) Analysis

This analysis is not designed to estimate total tariff evasion. It is designed to establish a defensible lower bound based on observed discrepancies between expected and actual tariff collections.

## Background and Scope

U.S. tariff policy is built on multiple overlapping authorities — including Section 301, Section 232, and antidumping and countervailing duties (AD/CVD). A comprehensive analysis of tariff evasion would need to address each of these duty regimes. However, Section 301 tariffs on Chinese imports provide the clearest analytical framework: four discrete tariff lists, published rates, known import values, and consistent CBP collection data covering eight years. Section 301 therefore serves as a reference case — a structured lens through which the broader dynamics of tariff evasion can be observed and measured.

Beginning in July 2018, the U.S. imposed Section 301 tariffs on Chinese imports in four successive tranches, covering approximately \$370 billion in annual imports across industrial goods, chemicals, electronics, auto parts, furniture, textiles, clothing, and footwear.<sup>1</sup> At full implementation, these tariffs would have generated approximately \$72 billion per year in revenue under full compliance and the static import baseline.

## Analytical Framework

Expected revenue assumes full tariff compliance at published Section 301 rates, applied to the known value of covered imports under each of the four lists, using a static import baseline of \$370 billion held flat across all years. This static baseline does not account for actual growth in U.S. import demand since 2018, nor legitimate resourcing to non-Chinese sources. The purpose of the static baseline is not to estimate actual covered imports in each subsequent year, but to establish a benchmark against the original tariff base.

The table below compares expected revenue against the revenue that CBP actually assessed.<sup>2</sup> The difference between expected and assessed collections is the central fact this analysis seeks to explain. In ATEN's view, the magnitude, persistence, and direction of the shortfall are best explained by systematic Section 301 tariff evasion, including undervaluation, misclassification, transshipment, and related mechanisms.

**Section A** presents the revenue gap: an estimated **\$234 billion shortfall between expected and actual Section 301 collections since 2018** — a shortfall of approximately 47% that most plausibly reflects large-scale evasion.<sup>3</sup>

**Section B** presents the corresponding import value gap: over \$1.2 trillion in Chinese imports represent trade that evaded the expected Section 301 tariff burden.<sup>4</sup>

### Exhibit 1: Section 301 Tariff Evasion — Revenue and Import Value Gaps (2018–2025)

(\$ billions)	2018	2019	2020	2021	2022	2023	2024	2025	Total
<b>SECTION A: THE TARIFF REVENUE GAP</b>									
Expected Section 301 Tariff Revenue	\$11	\$58	\$72	\$72	\$72	\$72	\$72	\$72	<b>\$501</b>
Actual Section 301 Tariff Revenue Collected <sup>2</sup>	\$4	\$23	\$35	\$44	\$49	\$38	\$38	\$36	<b>\$267</b>
<b>Estimated Section 301 Revenue Shortfall Most Plausibly Attributable to Evasion</b>	<b>\$7</b>	<b>\$35</b>	<b>\$37</b>	<b>\$28</b>	<b>\$23</b>	<b>\$34</b>	<b>\$34</b>	<b>\$36</b>	<b>\$234</b>
<b>SECTION B: THE IMPORT VALUE GAP</b>									
Expected Imports Subject to Section 301 Tariffs	\$76	\$370	\$370	\$370	\$370	\$370	\$370	\$370	<b>\$2666</b>
Implied Imports on Which Section 301 Tariffs Were Applied <sup>4</sup>	\$28	\$147	\$179	\$228	\$256	\$199	\$198	\$184	<b>\$1419</b>
<b>Estimated Imports Avoiding the Expected Section 301 Tariff Burden</b>	<b>\$48</b>	<b>\$223</b>	<b>\$191</b>	<b>\$142</b>	<b>\$114</b>	<b>\$171</b>	<b>\$172</b>	<b>\$186</b>	<b>\$1247</b>

While annual assessed collections may reflect minor timing and administrative effects, those effects negate themselves over a multi-year analysis.

## Testing Alternative Explanations for the Revenue Gap

A 47% shortfall between expected and actual Section 301 tariff revenue requires explanation. Three broad explanations could account for the observed shortfall: demand destruction, lawful supply substitution, or evasion.

### 1. Demand Destruction

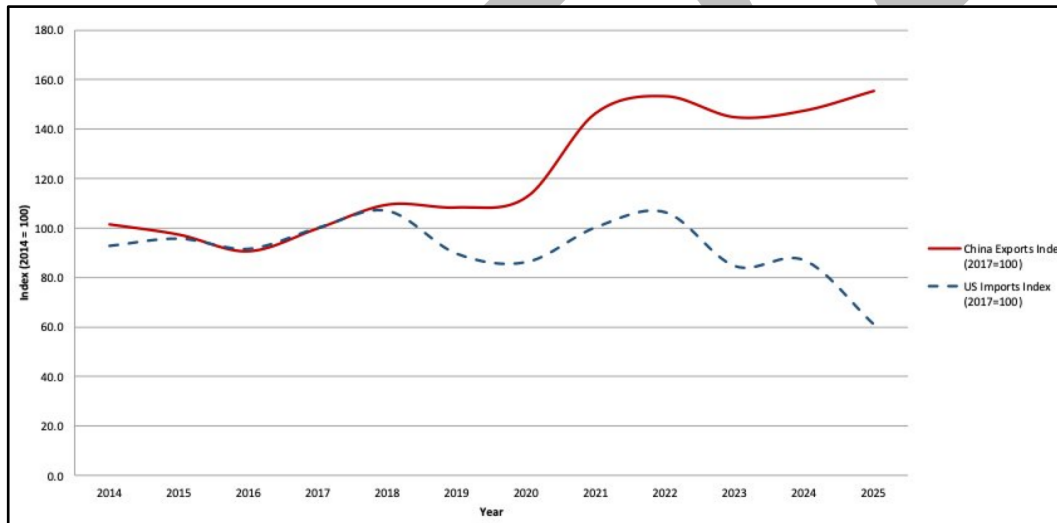
If U.S. demand for the goods covered by the four tariff lists had declined, total U.S. imports of manufactured goods would have fallen correspondingly. They did not. U.S. imports of manufactured goods have continued to rise throughout the period.<sup>5</sup> The demand for these product categories — industrial goods, electronics, auto parts, furniture, textiles, clothing, footwear — remained intact.

### 2. Lawful Supply Substitution

If U.S. importers had genuinely shifted sourcing away from China to alternative suppliers, two conditions should appear in the data. First, the U.S. share of China's exports would decline. Second, because the U.S. market represented a significant source of demand for China's manufacturing base, China's manufacturing output and exports in the affected categories would also be expected to decline. The first condition is observed in reported data — the U.S. share of China's total exports fell from approximately 19–21% in 2017<sup>6</sup> to roughly 8–14% by 2025.<sup>7,4</sup> The second does not. China's manufactured goods output and exports grew from approximately \$2.3 trillion to over \$3.5 trillion during this period.<sup>5</sup>

Indexed to a 2017 baseline of 100, China's total goods exports reached approximately 158 by 2025, while U.S.-reported imports from China fell to approximately 61.<sup>5</sup> These movements do not plausibly reconcile as a simple story of lawful substitution or genuine relocation of production. This does not by itself disprove category-specific substitution, but it materially weakens the claim that lawful sourcing shifts were the primary explanation for the Section 301 revenue shortfall.

## Exhibit 2: The Divergence Contradiction China Global Exports vs. U.S. Imports from China (Indexed, 2017 = 100)



Source: China General Administration of Customs; U.S. Census Bureau. ATEN index calculation (2017 = 100). See Endnote 5.

### 3. Evasion

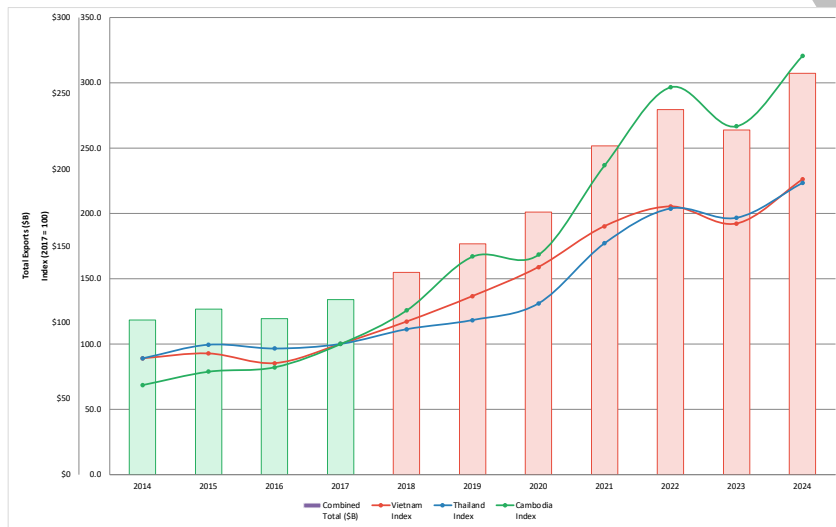
Some portion of the observed gap may reflect lawful exclusions, redesign, reclassification, or sourcing changes; the argument here is that those factors are insufficient to explain the magnitude, persistence, and direction of the shortfall. With demand intact and China's actual manufacturing output and exports at record levels, evasion is the strongest and most parsimonious explanation for the scale of the observed gap. The mechanisms are well-documented: transshipment through third countries to disguise country of origin, undervaluation of declared import values, and misclassification under incorrect tariff codes. Each is discussed below. While legitimate trade shifts account for some portion of the observed changes, the magnitude of the gap cannot be plausibly reconciled with known trade patterns absent substantial systematic evasion.

### The Three Mechanisms of Evasion

#### Transshipment

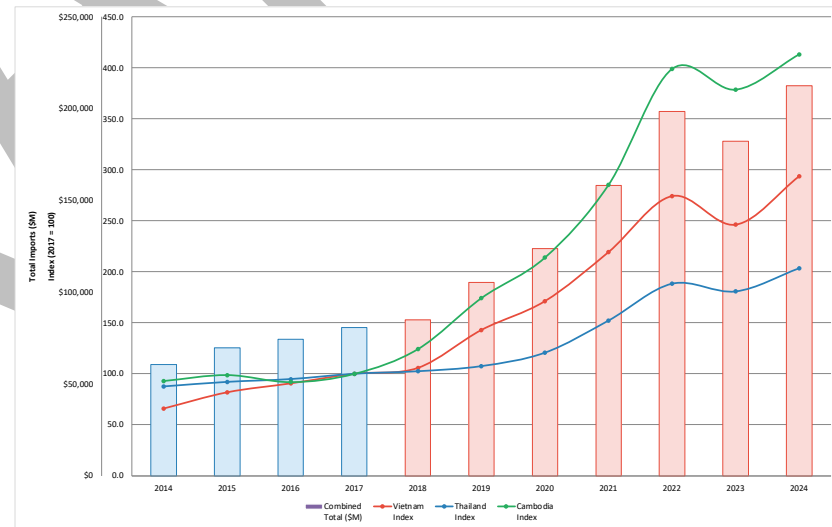
Transshipment occurs when goods manufactured in China are routed through a third country — typically with minimal or no processing — and re-exported to the U.S. under a different country of origin to avoid Section 301 tariffs. These goods do not appear in bilateral China-to-U.S. trade data, meaning the actual volume of Chinese-origin imports subject to tariffs is understated in our analysis. ATEN's analysis of UN Comtrade and U.S. Census data (Exhibits 3 and 4) shows that Vietnam, Thailand, and Cambodia alone account for tens of billions of dollars in parallel increases — rising imports from China alongside rising exports to the U.S. over the same period. As an external reference point, Goldman Sachs research estimated \$30–50 billion in trade rerouted through third countries in 2023.<sup>9</sup> That figure, viewed against the patterns observable in Exhibits 3 and 4, appears conservative.<sup>9</sup>

**Exhibit 3: Top Three SE Asian Countries with Significant Increases in Imports from China (2018–2025) (Index 2017 = 100 + Total (\$B))**



Source: UN Comtrade; U.S. Census Bureau; China General Administration of Customs. See Endnote 8.

**Exhibit 4: Top Three SE Asian Countries with Significant Increases in Exports to the U.S. (2018–2025) (Index 2017 = 100 + Total (\$B))**



These same countries also increased their imports from China in closely aligned proportions. While some manufacturing capacity growth in these countries is legitimate and not disputed, it is not sufficient to explain the speed, scale, and alignment of the observed shift. For this shift to explain the revenue gap, these countries would

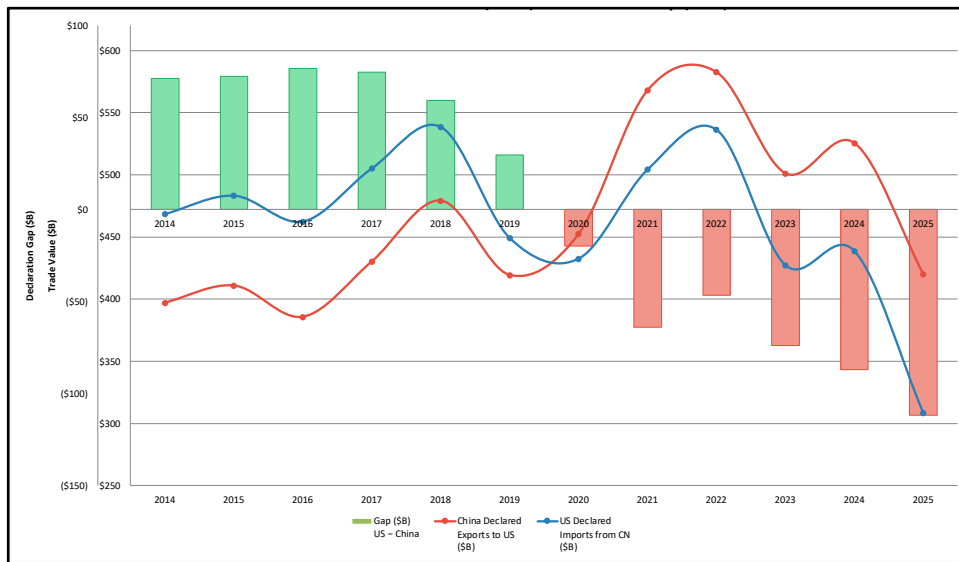
need to have developed independent production sufficient to replace Chinese supply, with goods undergoing substantial transformation under U.S. customs country-of-origin requirements.

The trade pattern points strongly in the other direction. Their export growth to the United States is closely aligned with increased imports from China, and documented processing in enforcement actions and reporting often falls short of the substantial transformation threshold required to change country of origin. The observed pattern is strongly indicative of systematic transshipment-based evasion and cannot be plausibly reconciled with known trade dynamics absent substantial evasion. ATEN has compiled extensive anecdotal reporting on these patterns at enforcementnow.com.

## Undervaluation

Undervaluation occurs when importers or their agents deliberately underreport the value of goods on customs declarations in order to reduce tariff liability. This suppresses the declared import figure itself, meaning the baseline from which tariffs are calculated is artificially low. The gap between China-declared exports and U.S.-declared imports reached a record \$112 billion in 2025 — strong evidence consistent with material suppression of declared values.<sup>9</sup> Federal Reserve research indicates that tariff evasion accounts for a substantial share of such bilateral trade data discrepancies.<sup>10</sup>

**Exhibit 5: The Value Gap — China-Declared Exports to U.S. vs. U.S.-Declared Imports from China (Trade Values (Lines) + Declaration Gap (Bars))**



Source: China General Administration of Customs; U.S. Census Bureau. See Endnotes 9, 10.

## Misclassification

Misclassification occurs when goods are deliberately classified under incorrect tariff codes to qualify for lower or zero duty rates. Unlike undervaluation, misclassification does not reduce the declared import value — it reduces or eliminates the tariff assessed against that value. As an external reference point, Goldman Sachs estimated roughly \$40 billion attributable to mislabeling and misclassification. Because this mechanism reduces the tariff applied rather than the value declared, it is harder to detect in aggregate trade data but no less important to the overall shortfall.”

## Why the \$234B Section 301 Shortfall Likely Represents a Floor, Not a Ceiling

The estimate presented likely understates the scale of Section 301 tariff evasion. It holds covered imports flat at \$370 billion — the value at the time of implementation — even though China’s manufactured goods exports grew by over \$1 trillion during this period,<sup>9</sup> and U.S. demand for the affected product categories also increased by approximately 35%.<sup>10</sup> Under those conditions, the relevant question is not whether Chinese supply receded, but how it remained present. It is not plausible that China simply ceded U.S. end-markets for a major share of its manufacturing base. The more plausible explanation is adaptation: Chinese firms developed increasingly sophisticated methods of preserving access to the U.S. market while reducing or avoiding the intended tariff burden. That conclusion is consistent not only with the trade patterns described in this paper, but also with reporting across the media spectrum — including The New York Times, Bloomberg, The Economist, and Nikkei Asia — and with the anecdotal experience attested to by ATEN petition signatories. The actual volume of Chinese-origin goods that should have borne Section 301 tariffs is therefore almost certainly higher than the static baseline used here, reinforcing the conclusion that the \$234 billion shortfall presented in this analysis should be understood as a conservative floor under a larger evasion problem.

## Conclusion

This analysis is based on ATEN’s comparison of expected versus actual CBP tariff collections under Section 301. It is not an exercise in claiming forensic precision as to every dollar of tariff fraud. Its purpose is different: to establish the existence, order of magnitude, and economic significance of Section 301 evasion using observable collection gaps, trade patterns, and corroborating evidence. That is sufficient to show that the problem is real, large, and materially harmful to the United States — both fiscally, through lost Treasury revenue, and strategically, through the erosion of domestic industry and economic sovereignty.

ATEN does not purport to trace every evasive transaction individually. Rather, it shows that the scale and persistence of the shortfall are best explained by systematic evasion as the dominant cause. External research provides context on evasion mechanisms, but it is not the basis of ATEN’s findings. U.S. demand for the affected product categories has not declined. China’s actual manufacturing output and exports have grown by 58% since 2017.<sup>9</sup> The countries absorbing the apparent shift in U.S. imports are the same countries sharply increasing their imports from China over the same period. While some legitimate manufacturing capacity has developed in Southeast Asia, the speed, scale, and alignment of these shifts, viewed against the full set of observed trade patterns, are most consistent with substantial systematic evasion. The 47% shortfall between expected and actual tariff revenue is not adequately explained by demand destruction, lawful sourcing shifts, or genuine supply substitution alone. The directional evidence is overwhelming: the Section 301 regime generated a large and persistent shortfall that is strongly indicative of systematic evasion rather than lawful adjustment alone.

Section 301 tariffs represent only one component of the broader U.S. tariff regime on Chinese imports. This analysis does not include evasion of AD/CVD orders, Section 232 tariffs on steel and aluminum, or tariffs imposed under IEEPA beginning in 2025. Each represents a separate and significant channel of evasion.<sup>11</sup> The patterns documented here — transshipment, undervaluation, and misclassification — are also relevant to these authorities, though they are not measured here. Section 301 provides the clearest analytical framework; the evasion it reveals is indicative of a systemic problem that extends well beyond it. Section 301 is therefore not just a tariff program. It is a measurable case study in how modern trade enforcement can be bypassed at scale when incentives are large, visibility is weak, and enforcement consequences remain limited.

## Endnotes

<sup>1</sup> The four Section 301 tariff lists and their parameters are summarized in Appendix A. List 1: \$34B in industrial goods at 25% (Jul 2018). List 2: \$16B in chemicals, plastics, and railway equipment at 25% (Aug 2018). List 3: \$200B in electronics, auto parts, furniture, and textiles, initially at 10% (Sep 2018), raised to 25% (May 2019). List 4A: \$120B in clothing, footwear, and consumer electronics, initially at 15% (Sep 2019), reduced to 7.5% (Feb 2020). Total covered imports: approximately \$370B annually.

<sup>2</sup> Actual Section 301 tariff revenue reflects CBP-assessed duties on imports classified under the four Section 301 tariff lists (Lists 1, 2, 3, and 4A). Source: U.S. Customs and Border Protection, Section 301 tariff collection data. Referenced in Exhibit 1, Section A.

<sup>3</sup> Revenue shortfall percentage calculated as \$234B divided by expected revenue of \$501B = 46.7%, rounded to 47%. Expected revenue of \$501B reflects the sum of annual expected tariff collections across all four lists from 2018–2025 based on published rates and the static \$370B import baseline. ATEN analysis. Referenced in Exhibit 1 narrative.

<sup>4</sup> Implied import values are derived by dividing actual assessed Section 301 tariff revenue by the applicable weighted-average tariff rate for each year, yielding the import value on which duties were actually paid. ATEN analysis. Referenced in Exhibit 1, Section B.

<sup>5</sup> China's total goods exports grew from approximately \$2.26 trillion (2017) to approximately \$3.58 trillion (2024), an increase of approximately 58%. Manufactured goods comprise the vast majority. Source: China General Administration of Customs; World Bank World Integrated Trade Solution (WITS). U.S. imports from China declined from approximately \$505 billion (2017) to approximately \$308 billion (2025). Source: U.S. Census Bureau. U.S. total imports of manufactured goods continued to rise during this period. Source: U.S. International Trade Commission. Index values in Exhibit 2 (158 and 61, respectively) are calculated by ATEN using these sources with 2017 = 100 as the baseline. Referenced in Testing Alternative Explanations, Floor Not Ceiling, and Conclusion.

<sup>6</sup> In 2017, the U.S. accounted for approximately 19–21% of China's total goods exports, depending on data source. China Customs data (FOB export values) yields approximately 21%; U.S. Census and Apollo Global Management data yield approximately 19–20%. Sources: China General Administration of Customs; U.S. Census Bureau; Apollo Academy, "US Makes Up Only 14% of Chinese Exports," April 2025. Referenced in Testing Alternative Explanations.

<sup>7</sup> By 2025, the U.S. share of China's total exports had fallen to approximately 8–14%, depending on data source and time period. China Customs data for 2025 yields a figure near the lower end; Apollo Global Management reports 14% (April 2025); CurrentThoughtsOnTrade.com reports 11.4% (early 2025). The wide range may in part reflect the impact of undervaluation on bilateral reporting. Referenced in Testing Alternative Explanations.

<sup>8</sup> Goldman Sachs research (January 2025) estimates approximately \$30–50 billion in trade was rerouted through third countries in 2023. Source: Goldman Sachs research, as reported in secondary coverage and industry summaries. ATEN has not independently reviewed Goldman's methodology. ATEN's own analysis of UN Comtrade and U.S. Census data indicates that the parallel import/export increases in Vietnam, Thailand, and Cambodia alone approximate tens of billions of dollars, suggesting Goldman's transshipment estimate may be conservative. Referenced in Transshipment.

<sup>9</sup> Laura Curtis and James Mayger, "China's \$112 Billion Cargo Gap Shows Record US Tariff Evasion," Bloomberg, February 24, 2026. Referenced in Undervaluation.

<sup>10</sup> Federal Reserve analysis estimated that tariff evasion accounted for approximately \$55 billion of the \$88 billion decline in the U.S.–China trade-data gap by end-2020, with Chinese VAT-related reporting effects and other factors accounting for the balance. Source: Federal Reserve Board, "Did the U.S. Bilateral Goods Deficit with China Increase or Decrease During the U.S.–China Trade Conflict?" (June 2021).

<sup>11</sup> Goldman Sachs research (January 2025) estimates approximately \$40 billion in tariff evasion attributable to mislabeling and misclassification. This is the only publicly available quantification of misclassification losses known to ATEN. ATEN has not independently reviewed Goldman's methodology and presents this figure as an external reference point, not a validated finding. Source: Goldman Sachs research, as reported in secondary coverage and industry summaries. Referenced in Misclassification.

<sup>12</sup> U.S. Customs and Border Protection (CBP) has conducted extensive enforcement under the Enforce and Protect Act (EAPA), targeting transshipment and circumvention of antidumping and countervailing duty (AD/CVD) orders. Public CBP reporting highlights significant enforcement activity and hundreds of millions of dollars in duties identified through EAPA investigations. Source: U.S. Customs and Border Protection, Trade Remedy Enforcement releases and EAPA program reporting.

<sup>13</sup> The 35% figure is derived from U.S. Census Bureau General Import data (International Trade API) comparing 2017 (pre-tariff baseline) to 2024 annual totals across the 35 HS2 chapters corresponding to the product categories covered by Section 301 Lists 1–4. Combined U.S. imports from all countries for these chapters totaled \$1,668.7 billion in 2017 and \$2,256.6 billion in 2024, an increase of \$587.9 billion or 35.2%. By list: List 1 products (HS chapters 84–88, 90 — advanced technology and machinery) grew from \$1,098.7B to \$1,544.5B (+40.6%); List 2 products (HS chapters 28, 39, 76, 90 — chemicals, plastics, aluminum) grew from \$170.7B to \$242.1B (+41.8%); List 3 products (HS chapters 29, 38, 40, 44, 48, 68–70, 72–76, 79–83 — industrial and intermediate goods) grew from \$245.6B to \$330.6B (+34.6%); List 4A products (HS chapters 42, 61–64, 91, 94–96 — consumer goods) grew from \$238.6B to \$262.3B (+9.9%). These figures are at the HS2 chapter level and therefore represent an upper bound for each list category, as each list targets specific 8-digit HTS subheadings within these chapters. Source: U.S. Census Bureau, International Trade API (General Imports by HS2 chapter, annual 2017 and 2024).

<sup>14</sup> The ranges cited in endnotes 6 and 7 reflect a structural measurement gap in bilateral trade reporting, not imprecision of sourcing. China and the United States record the same transactions differently for three principal reasons. First, valuation basis: China reports exports FOB (free on board, at the Chinese port), while U.S. import statistics are reported on a customs value basis that may include additional costs. Second, intermediary routing: a significant share of China's exports transit Hong Kong or other entrepôts. China may record these as exports to Hong Kong rather than to the United States, while U.S. Customs records them as imports from China based on country of origin. This alone can shift the U.S. share of China's exports by several percentage points depending on the source. Third, and most relevant to this analysis: transshipment and undervaluation cause the two countries' books to diverge further. Goods routed through Vietnam, Cambodia, or other third countries may be counted by China as exports to those countries, while the U.S. — if it identifies the true origin — may still count them as Chinese imports, or may not, depending on how the goods are declared at entry. The range is narrower in 2017 (approximately 2 percentage points) than in 2025 (approximately 6 percentage points), which is itself consistent with increased evasion activity in the post-tariff period: as more goods are rerouted or undervalued, the two sides' reported figures diverge further. Sources: China General Administration of Customs; U.S. Census Bureau; see also endnotes 6 and 7. Referenced in Testing Alternative Explanations.

Source: Alliance for Trade EnforcementNOW (ATEN) analysis based on U.S. Census Bureau, China General Administration of Customs, U.S. Customs and Border Protection Section 301 tariff collection data, Federal Reserve research, Goldman Sachs research, and Bloomberg reporting.

**For more information: <https://enforcementnow.com/>**

### Appendix A: Summary of the Four Section 301 Tariff Lists

The table below summarizes the four tranches of Section 301 tariffs imposed on Chinese imports beginning in 2018. See Endnote 3 for additional detail.

Tariff List	Import Value (\$B)	Final Rate	Effective Date(s)	Phase Notes
List 1 — Industrial Goods	\$34	25.0%	Jul 2018	Single phase
List 2 — Chemicals, Plastics, Railway Equip.	\$16	25.0%	Aug 2018	Single phase
List 3 — Electronics, Car Parts, Furniture, Textiles	\$200	25.0%	Sep 2018 / May 2019	10% at Phase 1; raised to 25% at Phase 2
List 4A — Clothing, Footwear, Electronics	\$120	7.5%	Sep 2019 / Feb 2020	15% at Phase 1; reduced to 7.5% at Phase 2
<b>Total</b>	<b>\$370</b>			