



# ECONOMIC LENS

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## United States to implement Section 301 tariffs based on forced and child labor



### Background

Exports from various countries are affected by both tariff and non-tariff barriers. Traditionally, non-tariff barriers have included phytosanitary obstacles in agricultural exports. More recently, the Carbon Border Adjustment Mechanism (CBAM) has imposed restrictions on exports to the EU. Other types of barriers continue to emerge daily, the most recent being the revival of Section 301, which addresses forced and child labor.

Section 301 of the Trade Act of 1974 grants the U.S Trade Representative (USTR) broad authority to investigate and remedy "unfair" trade practices as well as trade practices involving goods produced by child labor in addition to forced labor. It grants the government to implement tariffs and trade bans. It allows the US government to ban products with forced or child labor inputs at any point in the supply chain, which makes prices artificially low.

### What is happening?

- The USTR launched Section 301 investigations into more than 60 countries that are both allies and rivals of the United States. The countries are targeted for allegedly failing to enforce bans on goods produced by child or forced labor. The countries that are targeted include Canada, Mexico, the EU, China, Russia, Egypt, South Africa, and Türkiye.

- **Why Section 301:** A recent Supreme Court ruling invalidated tariffs under the International Emergency Economic Powers Act (IEEPA) due to lack of support from the US Congress. In response, the Trump administration is using Section 301 to implement tariffs and trade bans based on child labor and forced labor.
- The Trump administration currently imposes a baseline 10% tariff on most trading partners. They are set to expire on June 24th, 2026, and are expected to be replaced by Section 301 tariffs.
  - **Precedent Nicaragua:** A recent investigation of Nicaragua regarding labor rights, resulted in phased tariffs on the country (0% in 2026, rising to 15% by 2028).

### What it means?

- **Broad Impact:** Major US trade partners are targeted, and this could disrupt global supply chains.
- **Negotiation Leverage:** Investigations aim to pressure on countries in ongoing trade negotiations and combat transshipment practices.
- **Tariffs or Import Restrictions:** If violations are detected by the USTR, the United States can place tariffs or bans on products coming from targeted countries.
- **Trade with China:** Countries with significant trade with China may be impacted more by these investigations.
- **Uncertainty:** It is unclear which countries will have tariffs or trade bans imposed by the USTR.

### What it means for Egypt?

The answers to this are divided into three sections as follows:

#### A. Egypt's status as far as child labor is concerned

- Egypt is not classified by either the International Labor Organization (ILO) or the United States Department of Labor (DOL) as a country where forced labor is systematically present. However, certain sectors with child labor may expose Egyptian exports to potential tariffs under Section 301.
- According to the ILO's definition of the Worst Forms of Child Labor (WFCL)<sup>1</sup> – which originally encompassed violence and exploitation—Egypt reports no such cases.

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<sup>1</sup> The worst forms of child labor, defined by the ILO Convention 182, include slavery, trafficking, debt bondage, forced recruitment for armed conflict, commercial sexual exploitation, and illicit activities. It also includes hazardous work that harms children's health, safety, or morals. [https://normlex.ilo.org/dyn/nrmlx\\_en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C182](https://normlex.ilo.org/dyn/nrmlx_en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C182)

Following the subsequent inclusion of hazardous work and certain chemical exposures in the definition, nearly 70 percent of child labor in Egypt now falls under the hazardous work category, accounting for about 3.4 percent of the child population. The sectors most affected by hazardous child labor include agriculture, due to excessive working hours, and brick production, owing to exposure to toxic materials.

- Overall child labor rates in Egypt have declined from 7 percent in 2014 to 4.9 percent in 2021, according to ILO data<sup>2</sup>. This figure is substantially lower than the regional average for the Middle East and North Africa (8.3 percent) and well below the sub-Saharan African average (21.0 percent). In line with these trends, the DOL has classified Egypt's progress in eliminating child labor as demonstrating "moderate achievement"<sup>3</sup>.
- Despite this overall decline, child labor remains concentrated in export-relevant sectors. Approximately 52 percent of child labor is employed in agriculture, while 18.9 percent is found in industry. The ILO and UNICEF identify jasmine flowers, limestone, bricks, cotton, and select food crops as products reliant on child labor<sup>4</sup>. Similarly, the DOL lists bricks, limestone, and cotton as key commodities produced with child labor in Egypt<sup>5</sup>.

## B. Analysis of Egyptian exports to the US

- Egypt exported \$2.2 billion in goods to the US in 2024, as shown in the table below.

**Table (1): Egyptian exports to the United States:**

Item	Value (Million USD)	Percentage
Articles of apparel, not knit or crocheted	739.88	33%
Articles of apparel, knit or crocheted	454.17	20%
Iron and steel	130.82	6%
Carpets and other textile floor coverings	123.3	5%
Vegetable, fruit, nut food preparations	113.82	5%
Other	698	31%

Source: COMTRADE

<sup>2</sup> <https://www.ilo.org/projects-and-partnerships/projects/combating-worst-forms-child-labour-reinforcing-policy-response-and-0>

<sup>3</sup> <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/egypt>

<sup>4</sup> <https://www.ilo.org/resource/other/2024-global-estimates-child-labour-figures>

<sup>5</sup> <https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods-print>

- As explained above Egypt's exports to the US are not under the umbrella of Section 301 except for vegetables because they belong to agriculture. Even there, only cotton is relevant to child labor in Egypt.
- Nevertheless, Egypt must take all trade threats very seriously and it has to reduce child labor in all cases. This implies the following recommendations.

### C. Recommendations to avoid Tariffs and Trade Bans under Section 301

- **Engage in Public Comments:** Submit written comments and requests for hearing appearance. by deadlines before April 15th, 2026. Public hearings are expected between April 28<sup>th</sup> and May 1<sup>st</sup>, 2026.
- Promote awareness of the fact that despite the prevalence of child labor in Egypt, it has been decreasing according to the ILO and DOL. In addition, the worst forms of child labor and violence towards child labor do not exist
- Monitor work practices in the brick, limestone, cotton, and agricultural sectors, and prepare submissions highlighting the country's progress in reducing child labor and the absence of forced labor findings in Egypt.
- Assess the risk to determine how Section 301 tariffs affect Egypt. Since Egypt has trade agreements with the EU and GCC, it may export these specific goods there instead of the US, making the impact of these tariffs insignificant.
- **Assess Risks:** Keep track of supply chains across different sectors and their suppliers to identify any involvement with child labor.

### Key Deadlines: Watch for the dates

**April 15<sup>th</sup> 2026** – Deadline for written comments and hearing appearance requests.

**April 28<sup>th</sup> to May 1<sup>st</sup>** – Public hearings at US International Trade Commission.

**Seven days after final hearing day** – Post hearing rebuttal comments due.