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Japan External Trade Organization

October 2025

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Section 301

United States Implements Vessel Fees and Tariffs Targeting China's Maritime Transport Industry

On October 14, 2025, the United States implemented its new Section 301-based vessel fees on (i) vessels that are owned or operated by China-linked entities, (ii) most vessels that were built in China but owned and operated by non-Chinese entities, and (iii) all foreign-built vehicle carriers.[1] Depending on the size of the covered vessel, the fees will reach millions of US dollars per voyage. The action is the first step in implementing a series of increasing fees and tariffs that resulted from the Office of the United States Trade Representative's (USTR) Section 301 investigation on "China's Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance."[2]

On October 10, a few days before the fees were scheduled to enter effect, USTR issued several long-awaited modifications to the vessel fees related to exceptions, the vehicle carrier fees, and the liquified natural gas (LNG) vessel export requirement ("October 10 notice").[3] The October 10 notice also proposed several further modifications to the vessel fees for certain classes of ships. Despite these updates, USTR has not clarified details of how vessel operators should determine ownership and control, leaving significant uncertainty about how the vessel fees may apply in cases involving complex vessel ownership structures.

In addition to the vessel fees, the October 10 notice finalizes the proposed tariff increases on certain cranes and truck chassis, to take effect on November 9, 2025. USTR is also considering new tariff increases on other cargo handling equipment, according to the October 10 notice.

***Update**: On October 30, 2025, the United States and China announced a third agreement to de-escalate the US-China trade war. Under the terms of the de-escalation agreement, USTR will suspend the Section 301 action for one year, beginning on November 10, 2025. As of the writing of this report, USTR has not issued instructions to implement the suspension.*

Vessel fees begin to enter effect on October 14

Effective October 14, 2025, the United States is imposing a set of three fees on vessels entering the United States:

- Annex I fee: A large, annually increasing fee on any vessel with a Chinese operator or owned by an entity of China. In its first phase, the fee is $50 per net ton.
- Annex II fee: A smaller, annually increasing fee on vessels built in China, but are not operated or owned by Chinese entities. In its first phase, this fee is the higher of either $18 per net ton or $120 for each container discharged.

[1] "Notice of Action and Proposed Action in Section 301 Investigation of China's Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance, Request for Comments," 90 FR 17114 (April 23, 2025), accessible here: https://www.federalregister.gov/documents/2025/04/23/2025-06927/notice-of-action-and-proposed-action-in-section-301-investigation-of-chinas-targeting-the-maritime; as amended by, "Notice of Modification and Proposed Modification of Section 301 Action: China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance," FRN advance copy circulated on October 10, 2025 (to publish on October 16, 2025), accessible here: https://federalregister.gov/d/2025-19568. Additional payment guidance can be found in CSMS # 66494339 - UPDATE: Section 301 Vessel Fees, October 10, 2025, accessible here: https://content.govdelivery.com/accounts/USDHSCBP/bulletins/3f69f83.

[2] See "Section 301-China-Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance," on USTR's website for the investigation documents, accessible here: https://ustr.gov/trade-topics/enforcement/section-301-investigations/section-301-chinas-targeting-maritime-logistics-and-shipbuilding-sectors-dominance.

[3] See the October 10 press release announcing the revisions at, "USTR Modifies Certain Aspects of Section 301 Ships Action and Proposes Further Modifications to the Action," USTR, October 10, 2025, accessible here: https://ustr.gov/about/policy-offices/press-office/press-releases/2025/october/ustr-modifies-certain-aspects-section-301-ships-action-and-proposes-further-modifications-action.

- Annex III fee: A fixed fee on operators of all foreign-built vehicle carriers and roll-on/roll-off (ro-ro) vessels. This fee is $46 per net ton and does not increase over time like the Annex I and II fees.

The fees apply upon a vessel's first port call in each string of US port calls, up to five times per calendar year.

A vessel can be subject only to one of the fees, which are not cumulative. The general hierarchy of fees is (i) if the vessel is an LNG tanker, it has separate treatment under Annex IV; if not, then, (ii) if the vessel is a vehicle carrier, it is subject to Annex III; if not, then, (iii) if then vessel is Chinese-owned or operated, it is subject to Annex I; and if not, then, (iv) if the vessel is Chinese-built, it is subject to Annex II.

CBP payments guidance

US Customs and Border Protection (CBP) issued instructions for how to pay the vessel fees on October 3 and sent revised instructions on October 10 following USTR's modifications. CBP is directing vessel operators to determine on their own whether any of the fees may apply to their vessels and to pay the fees "on or before the entry of the vessel at the first U.S. port or place from outside the Customs territory on a particular voyage[.]" CBP may deny authorization for loading and unloading of vessels that have not paid applicable fees.

Vessel fee changes in the October 10 notice

The October 10 notice implemented several important modifications to the vessel fees. The changes are based on proposals that USTR put forward for public input in a June 2025 notice[4] or in the original final action issued in April 2025. USTR's modifications include:

- Changing the Annex III vehicle carrier fee from $150 per car equivalent unit (CEU) to $46 per net ton. In the June revision proposal, USTR suggested replacing the CEU-based fee with a tonnage fee due to concerns with unreliability of CEU measurements. However, the June notice had suggested setting the revised fee at the much lower rate of $14 per net ton.

- Introducing (i) a temporary targeted coverage exception from the Annex III fee for vehicle carriers enrolled in the US Maritime Security Program (MSP) and (ii) a permanent targeted coverage exception for US government vessels (including privately owned US-flag vessels under bareboat charter to the US government). The Annex III fee in the original action applied to all foreign-built vehicle carriers, including those providing services to the US government. The MSP targeted coverage exception will expire, unless renewed, on April 18, 2029.

- Removing the rule from Annex IV that would have empowered USTR to suspend LNG export licenses for operators that do not carry a sufficient share of LNG exports on US-built LNG tankers. Instead of facing the fees in Annexes I and II, LNG tankers face the separate Annex IV rule, which requires that an increasing share of US LNG exports to be carried on US-built LNG tankers. With the removal of the export license suspension mechanism, the Annex IV rule will be unenforceable. Despite the change, LNG tankers will remain exempt from the Annex I and Annex II fees.

- Various ministerial clarifications, including (i) clarifying the meaning of a "string of port calls;" (ii) clarifying the meanings of the targeted coverage exceptions in Annex II; (iii) clarifying that the Annex III definition of vehicle carriers includes ro-ro, ro-ro passenger, ro-ro container, and other ro-ro cargo vessels; and (iv) clarifying that the Annex III fee will apply only up to five times per year (matching the application of the Annex I and Annex II fees) and that entries are tracked on a calendar year basis for the fee caps.

[4] "Notice of Proposed Modification of Action in Section 301 Investigation of China's Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance," 90 FR 24856 (June 12, 2025), accessible here: https://www.federalregister.gov/documents/2025/06/12/2025-10660/notice-of-proposed-modification-of-action-in-section-301-investigation-of-chinas-targeting-the.

Proposed modifications to the vessel fees in the October 10 notice

The October 10 notice also proposes several more modifications to the vessel fees, consisting of the following:

- Adding targeted coverage provision for certain ethane and liquid petroleum gas (LPG) carriers exempting them from the Annex I fee. To qualify, a vessel would have to be placed under long-term charter before December 31, 2027, and have been ordered before April 17, 2025. For a charter to qualify as "long-term" under the proposed provision, the charter would have to last for at least 20 years. According to USTR, this proposed exception is in response to energy industry concerns about the fee's impact on ethane and other natural gas liquids.
- Rescinding the Annex II targeted coverage provision for Chinese-built lakers vessels, subjecting them to the Annex II fees. The modification would also prohibit vessels arriving at Great Lakes ports from qualifying for the targeted coverage provisions that except vessels arriving empty, small vessels, and vessels arriving from voyages of less than 2,000 nautical miles from the fees, unless those vessels are loading cargo destined for a port outside of the United States, Canada, or Mexico, or offloading cargo that was loaded at a port outside of the United States, Canada, or Mexico.
- Adding a targeted coverage provision to Annex III to except US-flag vehicle carriers of up to 10,000 DWT from the Annex III fee. The targeted coverage provision would expire, unless renewed, on April 18, 2029. This exception is intended to "support certain short-sea U.S. exports."

If adopted, the new proposed fee exceptions for gas tankers and small vehicle carriers would be effective retroactively to October 14, 2025. To account for the likely change, the October 10 notice allows vessels that may qualify for these exceptions to defer the vessel fee payments through December 10, 2025.

Cargo handling equipment tariffs

Alongside the vessel fees, USTR is also imposing new tariffs on certain Chinese cargo handling equipment. The October 10 notice finalizes and implements the original proposed tariffs and proposes additional tariffs.

The tariffs are additive with all other applicable tariffs, such as the existing Section 301 tariffs on imports from China (which includes a 25% tariff on ship-to-shore cranes), the 20% IEEPA-fentanyl tariff on all imports from China, and the IEEPA reciprocal/baseline tariff (which is currently 10% for China). Some of these products may also be covered by steel, aluminum, or automotive Section 232 tariffs in place of the 10% IEEPA reciprocal/baseline tariff.

Imposition of the proposed tariffs

The October 10 notice finalizes and implements the tariffs that USTR had proposed for certain ship-to-shore (STS) cranes and intermodal chassis and parts, while declining to implement the proposed intermodal container tariff. The finalized tariffs enter effect on goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 am eastern time on November 9, 2025.

- **Cranes**: A 100% additional tariff on certain STS cranes. In addition to applying to STS cranes manufactured in China, this tariff applies to STS cranes that are manufactured in third countries by China-linked companies or that are manufactured using certain China-linked components. To avoid paying the tariff, an importer must attest that their STS crane was not "manufactured, assembled, or made using components of Chinese origin, or manufactured anywhere in the world by a company owned, controlled, or substantially influenced by a Chinese national[.]" Similar to the previous Section 301 tariff increase on STS cranes (issued by the Biden administration in 2024), the tariff includes a waiver for cranes ordered before April 17, 2025, and imported by April 18, 2027.
- **Chassis**: A 100% additional tariff on intermodal chassis and parts originating in China. The tariff applies to intermodal chassis for trailers and semi-trailers, as well as parts, intended for carriage of containers for road, marine, and rail transport. Dry van trailers, refrigerated van trailers, and flatbed trailers are exempt.

- **Containers**: In the June 2025 notice that included the tariff proposals, USTR had proposed imposing additional tariffs on intermodal shipping containers. The October 10 notice withdraws this proposal.

The HTSUS modifications are included in Annex V.A of the October 10 notice, which includes detailed definitions and procedures for the tariffs.

New proposal to expand the tariffs

The October 10 notice also proposes several more tariff increases, which would impose additional tariffs of up to 150% on various other types of cargo handling equipment, including rubber tire gantry cranes, rail mounted gantry cranes, automatic staking cranes, reachstackers, straddle carriers, terminal tractors, top handlers (top loaders), and their components.

Specific definitions and the HTSUS codes that these products are classified within are in Annex V.B of the October 10 notice.

Public comments on the October 10 notice's proposals

The October 10 notice requests public comments on the proposed vessel fee modifications and tariff increases by November 10, 2025. Interested stakeholders may submit comments to USTR's public docket at comments.ustr.gov.[5] The October 10 notice provides additional instructions on how to submit comments. USTR will consider and respond to comments as it develops the final rule to implement the proposed modifications.

US-China trade tensions increasing

Implementation of the vessel fees comes as US-China trade tensions are increasing again, which may lead to further tariff increases and retaliatory actions in the next few weeks. Shortly before the US vessel fees entered effect, China unveiled its own retaliatory fees on US-linked vessels.[6] The United States and China have also both adopted significant export control expansions in recent weeks. President Trump has threatened to increase US tariffs on imports from China to 100% and to impose new export controls on software in retaliation for China's actions, but he has not implemented the measures. In their latest statements, Trump administration officials have signaled they may be seeking to avoid further escalation.

USTR Issues Report and Proposed Actions in Nicaragua Section 301 Investigation

On October 20, 2025, the Office of the United States Trade Representative (USTR) issued the results of the Section 301 investigation into Nicaragua's acts, policies, and practices related to abuses of labor rights, abuses of human rights and fundamental freedoms, and dismantling of the rule of law, determining the acts, policies, and practices are unreasonable and burden or restrict US commerce.[7] As a result of the affirmative determination, USTR has proposed policy actions that would significantly raise tariffs on imports from Nicaragua or suspend US commitments under the

[5] "Request for Comments Concerning Further Proposed Modifications of Action in the Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance," Docket ID: USTR-2025-0017, accessible here: https://comments.ustr.gov/s/docket?docketNumber=USTR-2025-0017.

[6] See MOT Notification No. 54/2025 (October 10, 2025), accessible here: https://xxgk.mot.gov.cn/2020/jigou/syj/202510/t20251010_4177939.html; MOFCOM Decree No. 6/2025 (October 14, 2025), accessible here: https://www.mofcom.gov.cn/zwgk/zcfb/art/2025/art_001308ff9a6a474a997c644961c9b997.html; and MOT Notification No. 55/2025 (October 14, 2025), accessible here: https://xxgk.mot.gov.cn/2020/jigou/syj/202510/t20251013_4178126.html (all in Chinese).

[7] "Section 301 Investigation Report on Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights and Fundamental Freedoms, and the Rule of Law," USTR, October 20, 2025, accessible here: https://ustr.gov/sites/default/files/files/Press/Releases/2025/Nicaragua%20Section%20301%20Report.pdf; also see the press release, "USTR Section 301 Determination on Nicaragua's Acts, Policies, and Practices Relating to Labor Rights, Human Rights and Fundamental Freedoms, and the Rule of Law," USTR, October 20, 2025, accessible here: https://ustr.gov/about/policy-offices/press-office/press-releases/2025/october/ustr-section-301-determination-nicaraguas-acts-policies-and-practices-relating-labor-rights-human.

Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR).[8] The proposed actions are open for public comment until November 19, 2025.

Though Section 301 includes forced labor, child labor, and other labor rights violations as covered "unreasonable acts," this is the first time USTR has pursued a Section 301 investigation related to these issues. In addition to initiating an investigation focused on labor rights violations for the first time, USTR goes further by incorporating broader objections to alleged violations of religious freedom and to rule of law failures. In the investigation report, USTR appears to argue that any kind of "unfair and inequitable" practice – regardless of clear connections to the rights of the United States or to US commerce – is actionable under Section 301, marking a potentially significant expansion of how USTR applies the statute.

Section 301 of the Trade Act of 1974

Section 301 of the Trade Act of 1974[9] authorizes USTR (subject to the direction of the President) to address foreign government conduct that (i) denies US rights under a trade agreement, (ii) constitutes "unjustifiable" action that "burdens or restricts" US commerce, or (iii) constitutes "unreasonable" or "discriminatory" action that "burdens or restricts" US "commerce" (defined to include goods, services, and investment). Section 301 divides the potential remedial actions into "mandatory" and "discretionary" categories depending upon the nature of the foreign conduct alleged. Action is "discretionary" where the act, policy, or practice is "unreasonable or discriminatory" and "burdens or restricts" US commerce, which is the basis of the Nicaragua investigation.

Upon making an affirmative determination to take retaliatory action, USTR must implement that action within 30 days. In discretionary actions, USTR is authorized to take actions that are within the powers of the president with respect to trade in goods or services to obtain the elimination of the subject acts, policies, and practices. The statute authorizes USTR to (i) impose duties or other import restrictions, (ii) withdraw or suspend trade agreement concessions, or (iii) enter into a binding agreement with the foreign government to either eliminate the burden to US commerce or compensate the United States with satisfactory trade benefits.

Initiation and investigation

USTR initiated the investigation on December 10, 2024, at the end of the Biden administration, and held a public comment period and hearing to inform the investigation in January 2025.[10] The incoming Trump administration continued the investigation to its completion. The initiation notice raised concerns about labor rights violations, human rights violations, and a dismantling of the rule of law. Section 301's definition of "unreasonable acts" (which may be found "burdens or restricts" US "commerce") includes "a persistent pattern of conduct that — (i) denies workers the right of association, (ii) denies workers the right to organize and bargain collectively, (iii) permits any form of forced or compulsory labor, (iv) fails to provide a minimum age for the employment of children, or (v) fails to provide standards for minimum wages, hours of work, and occupational safety and health of workers." As USTR states in the investigation announcement, this is the first time it has pursued a Section 301 investigation targeting these labor rights violations.

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[8] "Notice of Determination and Request for Comments Concerning Action Pursuant to Section 301: Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights and Fundamental Freedoms, and the Rule of Law," 90 FR 48511 (October 23, 2025), accessible here: https://www.federalregister.gov/documents/2025/10/23/2025-19635/notice-of-determination-and-request-for-comments-concerning-action-pursuant-to-section-301.

[9] 19 U.S.C. §§2411-2420, accessible here: https://www.govinfo.gov/app/details/USCODE-2024-title19/USCODE-2024-title19-chap12-subchapIII-sec2411; and 15 CFR Part 2006, accessible here: https://www.ecfr.gov/current/title-15/subtitle-C/chapter-XX/part-2006.

[10] Initiation of Section 301 Investigation, Hearing, and Request for Public Comments: Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights, and Rule of Law," 89 FR 101088 (December 12, 2024), accessible here: https://www.federalregister.gov/documents/2024/12/13/2024-29422/initiation-of-section-301-investigation-hearing-and-request-for-public-comments-nicaraguas-acts; also see the press release, "USTR Initiates Section 301 Investigation on Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights, and the Rule of Law," USTR, December 10, 2024, accessible here: https://ustr.gov/about-us/policy-offices/press-office/press-releases/2024/december/ustr-initiates-section-301-investigation-nicaraguas-acts-policies-and-practices-related-labor-rights.

Determination and report

The October 20 report covers the three key points of the Section 301 determination, (i) identifying the acts, policies, and practices of the government of Nicaragua, (ii) finding the acts, policies, and practices are "unreasonable," and (iii) finding the acts, policies, and practices "burden or restrict" US "commerce."

- **The acts, policies, and practices of the government of Nicaragua:** The report documents (i) labor rights violations, including restrictions on freedom of association and collective bargaining, as well as incidents of forced labor and widespread child labor, which the government has not sufficiently addressed, (ii) religious rights violations, and (iii) dismantling rule of law protections against arbitrary government actions.
- **The acts, policies, and practices are unreasonable:** USTR concludes that the acts, policies, and practices described in the investigation meet the definition of unreasonable under Section 301, citing notions of fairness, the incompatibility of many of the practices with Nicaragua's own laws, and inconsistency of the actions with international labor rights conventions.
- **The acts, policies, and practices burden or restrict US commerce:** The report concludes these unreasonable acts, policies, and practices "burden or restrict US commerce" by laying out a variety of arguments that attempt to link the acts, policies, and practices to market access and investment barriers. For example, the report argues that Nicaragua's labor rights violations suppress wages in the country, creating unfair competition for US businesses and reducing the size of the Nicaraguan consumer market (limiting export opportunities for US businesses). In the section on dismantling rule of law, the report identifies harms to US investments in Nicaragua and heightened risk for future investments.

Proposed actions

As a result of the affirmative determination, USTR has proposed a range of policy actions to obtain the elimination of those acts, policies, and practices that are unreasonable and burden or restrict US commerce. The proposals are:

- "suspending the application of all Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) benefits to Nicaragua, including tariff concessions and cumulation of Nicaraguan content for other CAFTA-DR partners, immediately or phased in over a period of time up to 12 months;"
- "suspending the application of some CAFTA-DR benefits to Nicaragua, including tariff concessions and cumulation of Nicaraguan content for other CAFTA-DR partners, immediately or phased in over a period of time up to 12 months;"
- "applying tariffs of up to 100 percent on all Nicaraguan imports, immediately or phased in over a period of time up to 12 months;" and
- "applying tariffs of up to 100 percent on some Nicaraguan imports immediately, with tariffs for selected sectors phased in over a period of time up to 12 months."

Apparel (t-shirts, blouses, and sweaters), insulated wires for vehicles, gold, tobacco, beef, and coffee make up the majority of US imports from Nicaragua. Most of these products are currently subject to the Nicaragua 18% IEEPA reciprocal tariff, while insulated wires are generally subject to the 25% automotive and heavy truck Section 232 tariffs. Gold is on the Annex II IEEPA exclusions list and is exempt from the Trump administration's tariffs.

USTR is seeking public comments on these proposed actions via the USTR online comments portal at comments.ustr.gov. Comments are due by November 19, 2025. The Federal Register notice includes further instructions on the procedures for filing comments.

US-Nicaragua relations and a potential broadening of Section 301 and labor rights-related trade risks

US relations with Nicaragua have deteriorated significantly in recent years, with the United States protesting the erosion of democracy in Nicaragua and expanding relations between Nicaragua and Russia. Both President Trump and President Biden imposed targeted sanctions, including property blocking sanctions and visa restrictions, against senior officials in President Daniel Ortega's government and entities that support the regime. Pressure has intensified since 2021, after Ortega claimed victory in elections that the Organization of American States (OAS) said had "no democratic legitimacy." President Trump's Secretary of State, Marco Rubio, has also been a long-time advocate for reconsidering Nicaragua's membership in CAFTA-DR, as a result of political disputes with the country.[11] The United States has also suspended Nicaragua's raw cane sugar quota allocation for the past few years, crediting these same policy concerns. A Section 301 action based on these same diplomatic disputes would be further evidence that the United States views trade actions as a key tool in obtaining leverage in diplomatic disputes.

The United States has also become more aggressive in pressuring foreign countries to address forced labor and child labor abuses in recent years. Those efforts have generally relied on targeted measures, such as customs import prohibitions under Section 307 of the Tariff Act (including the Uyghur Forced Labor Prevention Act), the USMCA Facility-Specific Rapid-Response Labor Mechanism, technical assistance, US Department of Labor Bureau of International Labor Affairs (ILAB) monitoring programs, targeted sanctions, and human rights-related export controls.

ILAB has already drawn attention to child labor concerns in Nicaragua in its "List of Goods Produced by Child Labor or Forced Labor," documenting child labor in the Nicaraguan banana, coffee, gold, gravel, shellfish, pumice, and tobacco industries and deeming the country to have "made minimal advancement in efforts to eliminate the worst forms of child labor."[12] USTR relies heavily on ILAB's work in the Section 301 report. However, ILAB's reports do not document the presence of other forms of forced labor in Nicaragua. Instead, the forced labor allegations USTR describes in the Section 301 report are based on the Department of State's "Trafficking in Persons Report," which documents instances of human trafficking (including trafficking of child labor) related to agriculture, construction, mining, the informal sector, and domestic service.[13]

It is unclear whether these allegations have any direct connections to US commerce, though the ILAB reports document the presence of child labor in sectors that may export to the United States (such as gold mining and coffee and tobacco farming). US Customs and Border Protection (CBP) has not issued any Section 307 Withhold Release Orders or Findings targeting companies in Nicaragua alleged to be exporting products to the United States made with forced labor or child labor. Leveraging Section 301 to impose broad trade restrictions on a country in response to general labor rights concerns – even when the US government has opted not to employ more targeted measures – would be a significant escalation of efforts by Washington to use trade tools to address labor-related concerns.

USTR Initiates Section 301 Investigation of China's Compliance with the January 2020 Phase One Agreement

On October 24, 2025, the Office of the United States Trade Representative (USTR) initiated a new Section 301 investigation on China's compliance with its obligations under the January 2020 Economic and Trade Agreement Between the Government of the United States of America and the Government of the People's Republic of China (Phase One Agreement).[14] By initiating the investigation, the Trump administration is effectively asserting that China

[11] *See, e.g.*, a June 10, 2021 letter from Sen. Rubio and six other Senators to President Biden, accessible here: https://web.archive.org/web/20241122060703/https://www.rubio.senate.gov/wp-content/uploads/_cache/files/cbcc0123-589e-4bdc-8901-ba2746062309/1388A95B84D211EE23C9E4C2EAA0B711.210610---to-potus-nicaragua-bipartisan-letter.pdf (archive link).

[12] See ILAB's "Child Labor in Nicaragua: Findings from the U.S. Department of Labor" to access the various reports, accessible here: https://www.dol.gov/agencies/ilab/resources/reports/child-labor/nicaragua.

[13] "2025 Trafficking in Persons Report: Nicaragua," Department of States, accessible here: https://www.state.gov/reports/2025-trafficking-in-persons-report/nicaragua/.

[14] "Initiation of Section 301 Investigation: China's Implementation of Commitments under the Phase One Agreement; Notice of Hearing; and Request for Public Comments," 90 FR 48733(October 28, 2025), accessible here: https://federalregister.gov/d/2025-19679; and "USTR Initiates Section 301 Investigation of China's Implementation of the Phase One Agreement," USTR, October 24, 2025, accessible here:

has not fulfilled its obligations under the Phase One Agreement and that it is triggering a review process. However, the Trump administration's intentions for the new investigation are unclear. The announcement does not specify what trade policy actions the investigation may lead to, nor does it formally invoke the Phase One Agreement's dispute resolution mechanism – an option the Trump administration has publicly considered since January 2025. The investigation could provide USTR with grounds to impose additional Section 301 tariffs on imports from China, or it could be used as a fact-finding and negotiating process for revisiting the Phase One Agreement's commitments with China.

USTR announced the investigation while senior Trump administration officials, including Ambassador Jamieson Greer, were departing Washington to engage in negotiations with their Chinese counterparts, suggesting the investigation is part of a larger pressure campaign. Negotiations between the United States and China are expected to continue throughout the week. Based on the latest statements, it appears likely that the governments will reach an agreement to continue negotiating and to extend the current tariff truce beyond November 10.

Section 301 investigations and authorities

Section 301 of the Trade Act of 1974[15] authorizes USTR (subject to the direction of the president) to address foreign government conduct that (i) denies US rights under a trade agreement, (ii) constitutes "unjustifiable" action that "burdens or restricts" US commerce, or (iii) constitutes "unreasonable" or "discriminatory" action that "burdens or restricts" US "commerce" (defined to include goods, services, and investment). Section 301 divides the potential remedial actions into "mandatory," under Section 301(a), and "discretionary," under Section 301(b), categories depending on the nature of the alleged foreign conduct.

Upon initiating an investigation, USTR must request consultations with the foreign government concerned regarding the issues raised. If the investigation involves a trade agreement and the parties cannot reach a mutually acceptable resolution through consultations, USTR must request formal dispute settlement proceedings under the WTO or applicable US trade agreement (in this case, the Phase One Agreement).

After completing consultations and the investigation, if USTR makes an affirmative determination, it must then decide what action, if any, to take. If USTR chooses to implement retaliatory action, such measures must be implemented within 30 days (but waivers are allowed for mandatory actions and implementing timelines). The statute grants USTR authority to (i) impose duties or other import restrictions, (ii) withdraw or suspend trade agreement concessions, or (iii) enter into a binding agreement with the foreign government to either eliminate the conduct in question (or the burden to US commerce) or compensate the United States with satisfactory trade benefits.

Background on the Phase One Agreement

2017 Section 301 actions

In August 2017, during the first Trump administration, USTR initiated a Section 301(b) ("discretionary action") investigation to determine whether China's acts, policies, and practices related to technology transfer, intellectual property, and innovation were unreasonable or discriminatory and imposed burdens or restrictions on US commerce, making them actionable under Section 301.[16] Following an affirmative determination in April 2018, USTR announced two sets of unilateral tariff increases on Chinese-origin goods in July and August 2018. Through these measures, USTR imposed additional duties of 25% on goods of Chinese origin worth about $50 billion. The Trump

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https://ustr.gov/about/policy-offices/press-office/press-releases/2025/october/ustr-initiates-section-301-investigation-chinas-implementation-phase-one-agreement.

[15] 19 U.S.C. §§2411-2420, accessible here: https://www.govinfo.gov/app/details/USCODE-2024-title19/USCODE-2024-title19-chap12-subchapIII&collectionCode=USCODE; and 15 CFR Part 2006, accessible here: https://www.ecfr.gov/current/title-15/subtitle-C/chapter-XX/part-2006.

[16] Documents from the 2017 Section 301 investigation are accessible here: https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-china.

administration subsequently modified the measures three times – in September 2018, August 2019, and August 2019 – to impose additional duties in response to Chinese retaliatory actions.

2020 Phase One Agreement

In the 2020 Phase One Agreement, the Trump administration and China agreed to de-escalate the trade war.[17] The United States suspended additional Section 301 tariff increases that were scheduled to take effect in January 2020 and lowered tariffs on certain goods covered by other Section 301 lists from 15% to 7.5%. In return, China moderated some of its retaliatory tariffs, re-committed to certain market access reforms, and pledged to make significant direct purchases of US products.

Trump administration concerns with China's compliance

Trump administration officials maintain that China has not fulfilled its obligations under the Phase One Agreement. On January 20, 2025, the first day of his second term, President Trump raised the agreement in his memorandum on "America First Trade Policy,"[18] instructing USTR submit a report by April 1 evaluating (i) whether China is acting in accordance with the agreement, and (ii) whether any modifications to the existing Section 301 tariff actions are needed ("particularly with respect to industrial supply chains and circumvention through third countries"). In a public summary of the April 1 report,[19] USTR concluded that "China has failed to live up to its commitments on agriculture, financial services, and protection of intellectual property (IP) rights" and that, "given the expansiveness of China's non-market policies and practices, there may be a need for additional Section 301 investigations."

Phase One Agreement dispute settlement

Article 7.4 of the Phase One Agreement establishes a dispute resolution mechanism that commits the parties to engage in consultations through a Bilateral Evaluation and Dispute Resolution Office if either party is "not acting in accordance with this Agreement." Under this process, the parties must investigate the complaint and then consult bilaterally to resolve any disagreement. The agreement does not provide for an independent dispute settlement body. If the parties cannot reach a negotiated settlement, the complaining party may take "action based on facts provided during the consultations, including by suspending an obligation under this Agreement or by adopting a remedial measure in a proportionate way that it considers appropriate with the purpose of preventing the escalation of the situation and maintaining the normal bilateral trade relationship." If the party subject to the remedy objects, its only recourse is to "withdraw from this Agreement by providing written notice of withdrawal to the Complaining Party."

The new Section 301 investigation

The newly initiated Section 301 investigation is distinct from the earlier Section 301 investigation that has formed the basis of US Section 301 tariffs and the Phase One Agreement. USTR is carrying out the new investigation under Section 301(a) ("mandatory action"). It is intended to "determine whether the rights of the United States under the Phase One Agreement are being denied or an act, policy, or practice of China violates, or is inconsistent with, the provisions of, or otherwise denies benefits to the United States under, the Phase One Agreement." According to USTR's announcement, "this investigation initially will focus on China's implementation of the Phase One Agreement and whether China has fully implemented its commitments under the Agreement. In addition, the investigation will examine the burden or restriction on U.S. commerce resulting from any non-implementation by China of its commitments under the Phase One Agreement, and what action, if any, should be taken in response." The announcement also notes that USTR has formally requested consultations with China.

[17] Economic and Trade Agreement Between the United States of America and the People's Republic of China, accessible here: https://ustr.gov/sites/default/files/files/agreements/phase%20one%20agreement/Economic_And_Trade_Agreement_Between_The_United_States_And_China_Text.pdf.

[18] Presidential Memorandum on "America First Trade Policy," January 20, 2025, accessible here: https://www.whitehouse.gov/presidential-actions/2025/01/america-first-trade-policy/.

[19] "Report to the President on the America First Trade Policy Executive Summary," April 3, 2025, accessible here: https://www.whitehouse.gov/fact-sheets/2025/04/report-to-the-president-on-the-america-first-trade-policy-executive-summary/.

USTR's announcement does not explain why the Trump administration has initiated a new Section 301 investigation to review Phase One Agreement compliance, rather than propose modifications to the original Section 301 action or directly pursuing dispute settlement under the Phase One Agreement. In addition to the Phase One Agreement's disputes process, Section 306 of the Trade Act of 1976 provides USTR the authority to adjust Section 301 trade actions if the "foreign country is not satisfactorily implementing a measure or agreement" that was entered to resolve a Section 301-based dispute. Opting to use Section 301(a) as the legal process for addressing a dispute over the Phase One Agreement may provide a more credible legal commitment to escalating the dispute if China does not re-commit to its obligations under the agreement.

If the investigation results in an affirmative determination, USTR could use it as a basis to impose additional Section 301 tariffs or other trade restrictions, or to support further negotiations regarding China's alleged non-compliance with the Phase One Agreement. Should the investigation progress to dispute procedures under Article 7.4 an adverse outcome could ultimately result in the suspension of the Phase One Agreement and the reinstatement of both US Section 301 tariffs and the Chinese retaliatory tariffs that had been suspended.

Request for public comments and public hearing

USTR is seeking public comments on the investigation via the USTR online comments portal at comments.ustr.gov. Additionally, USTR will hold a public hearing to gather feedback beginning on December 16, 2025. Comments and requests to appear at the hearing are due by December 1, 2025. The Federal Register Notice includes further instructions on the procedures for filing comments and appearance requests. Post-hearing rebuttal comments may be submitted for seven days after the last day of the public hearing.

The request for public comments highlights that USTR is particularly interested in comments that address whether China has met its Phase One Agreement commitments, the specific harms resulting from any failure to meet those commitments, potential actions that could be taken against China (such as new tariffs, services restrictions, and other import restrictions), and of the extent of Chinese trade that should be subject to any new restrictions.

The current trade war truce is set to expire on November 10, 2025, unless both governments agree to another extension.[20] If the truce lapses, the IEEPA reciprocal tariff rate will automatically increase from 10% to 34%. In response, China also is expected to increase its retaliatory tariff from 10% to 34% and re-impose suspended export controls.

Section 232

Applications for September Window of the Steel and Aluminum Inclusions Process Posted for Comment

On October 7, 2025, the US Department of Commerce Bureau of Industry and Security (BIS) posted requests to add products to the scope of the Section 232 steel and aluminum derivative products tariffs that it received from domestic manufacturers during the second Inclusions Process applications round (September 15 and 29, 2025). The Inclusions Process allows domestic manufacturers to request the addition of new products to the scope of the tariffs. Altogether, US manufacturers requested that BIS add 647 unique HTSUS 8-digit or 10-digit codes to the scope of the tariffs. A decision by BIS on whether to accept the applications is expected by December 6, 2025. Shortly after BIS announces the decisions, the products will become subject to the 50% aluminum and/or steel Section 232 tariffs on their steel and/or aluminum input value.

The steel and aluminum Inclusions Process

[20] Executive Order 14334 of August 11, 2025: "Further Modifying Reciprocal Tariff Rates to Reflect Ongoing Discussions with the People's Republic of China," 90 FR 39305, accessible here: https://www.federalregister.gov/documents/2025/08/14/2025-15554/further-modifying-reciprocal-tariff-rates-to-reflect-ongoing-discussions-with-the-peoples-republic.

When President Trump expanded the steel and aluminum Section 232 tariffs in February 2025, he instructed the Department of Commerce to establish processes for adding derivative products to the scope of the tariffs,[21] allowing Commerce to add products either at its own discretion (which it has done several times) or in response to requests from domestic industry. BIS issued an interim final rule on April 30, 2025,[22] establishing the procedures for the public process.

The first application round of the steel and aluminum Inclusions Process began in May 2025, accepting inclusions applications in the first half of May and taking public comments on the applications soon after. BIS announced the decisions on the applications on August 15, with the tariff entering into effect on August 18.[23] BIS approved almost all the requests filed by the domestic industry during the May application window and provided no explanation for its decisions. The only applications declined by BIS were those where the products: (1) were already subject to the Section 232 tariffs, (ii) fell within ongoing Section 232 investigations, or (iii) were part of the Section 301 investigation of "China's Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance." If BIS intends to follow this same practice in the second round, most of the products included in the new inclusions applications will become subject to the steel and aluminum Section 232 tariffs in December 2025.

Application of tariffs for the Section 232 steel and aluminum actions

The steel and aluminum derivative products tariffs are assessed specifically on the value of the steel or aluminum content in the product. The remaining value of the product remains subject to any applicable IEEPA baseline and reciprocal tariffs. The general tariff rate is set at 50% for all countries of origin, with a special tariff rate of 25% for the United Kingdom.

Besides the tariff itself, importers of covered steel and aluminum derivative articles must also report the countries in which the steel was originally melted and poured and the primary and secondary country of smelting and casting for aluminum. For aluminum, a separate Section 232 tariff rule exists for Russia. Imports covered by the aluminum Section 232 tariff that are products of Russia, or where any amount of primary aluminum used in the manufacture of the aluminum articles is smelted in Russia, or where the aluminum articles are cast in Russia, face a separate 200% tariff on the entire value of the imported product. Effective June 28, 2025, this 200% tariff also applies if the importer is unable to ascertain the country where the aluminum was smelted or cast.

The second round's inclusions applications

BIS opened the second steel and aluminum Section 232 inclusions application round on September 15, 2025.[24] The application window closed on September 29, 2025. It took BIS one week to review and post the valid applications, which became available for public review on the rulemaking docket on October 7, 2025.

[21] Presidential Proclamation of February 10, 2025: "Adjusting Imports of Steel into The United States," accessible here: https://www.federalregister.gov/documents/2025/02/18/2025-02833/adjusting-imports-of-steel-into-the-united-states; and Presidential Proclamation of February 10, 2025: "Adjusting Imports of Aluminum into The United States," accessible here: https://www.federalregister.gov/documents/2025/02/18/2025-02832/adjusting-imports-of-aluminum-into-the-united-states.

[22] "Adoption and Procedures of the Section 232 Steel and Aluminum Tariff Inclusions Process," 90 FR 18780 (May 2, 2025), accessible here: https://www.federalregister.gov/documents/2025/05/02/2025-07676/adoption-and-procedures-of-the-section-232-steel-and-aluminum-tariff-inclusions-process; and the new regulations at Supplement No. 1 to Part 705, Title 15, accessible here: https://www.ecfr.gov/current/title-15/subtitle-B/chapter-VII/subchapter-A/part-705/appendix-Supplement%20No.%201%20to%20Part%20705.

[23] "Adoption and Procedures of the Section 232 Steel and Aluminum Tariff Inclusions Process," 90 FR 40326 (August 19, 2025), accessible here: https://www.federalregister.gov/documents/2025/08/19/2025-15819/adoption-and-procedures-of-the-section-232-steel-and-aluminum-tariff-inclusions-process; CSMS # 65936570 - GUIDANCE: Section 232 Additional Steel Derivative Tariff Inclusion Products, August 15, 2025, accessible here: https://content.govdelivery.com/bulletins/gd/USDHSCBP-3ee1cba; CSMS # 65936615 - GUIDANCE: Section 232 Additional Aluminum Derivative Tariff Inclusion Products, August 15, 2025, accessible here: https://content.govdelivery.com/bulletins/gd/USDHSCBP-3ee1ce7; and "Department of Commerce Adds 407 Product Categories to Steel and Aluminum Tariffs," BIS, August 19, 2025, accessible here: https://www.bis.gov/press-release/department-commerce-adds-407-product-categories-steel-aluminum-tariffs.

[24] "Notice of the Opening of the Inclusions Window for the Section 232 Steel and Aluminum Tariff Inclusions Process," 90 FR 44799 (September 17, 2025), accessible here: https://www.federalregister.gov/documents/2025/09/17/2025-18008/notice-of-the-opening-of-the-inclusions-window-for-the-section-232-steel-and-aluminum-tariff.

BIS received 99 applications containing 928 proposed inclusions at the HTSUS 8-digit or 10-digit level. Accounting for duplicates (239 of the proposed codes were named in multiple letters) and redundancies from 10-digit codes that are classified within 8-digit codes that were also submitted for inclusion, there are 647 unique HTSUS 8-digit or 10-digit codes in the applications.[25] The codes include a broad range of products, including packaged food, aircraft engine parts, automotive parts, plastic products, computer parts, home appliances, and pumps.

In 2024, the United States imported approximately $262 billion in value under these HTSUS codes, with $11 billion originating from Japan. The top five national sources of these products are Mexico, China, Canada, Germany, and South Korea.

The amount of import activity affected in the second applications round is similar to the first round. The first round's applications included approximately 501 unique HTSUS codes, covering approximately $284 billion in 2024 imports. That said, the number of applications in the second round was significantly higher than the first round (99 versus 60), and the second round's applications cover a wider variety of products (including many foods and beverages, kitchen articles, plastics, and furniture codes), suggesting a broadening of the US industries that are seeking to use the tariffs.

Public comments on the applications and BIS review

There is a 14-day comment window on the inclusion requests, which opened on October 7 and will close on October 21. Interested stakeholders can submit feedback on the posted applications within the 14-day comment window through the public docket at regulations.gov.[26] The interim final rule (IFR) states that collecting public comments "will ensure a transparent, complete, and legally robust process for conducting analysis and making final determinations of derivative inclusion requests." However, the IFR does not specify the criteria for public comments or explain how BIS will evaluate them.

BIS determination and implementation

Posting the applications for public comment will start the 60-day clock for BIS to complete the reviews. For each application, BIS will sign a positive or negative determination by the end of the 60-day review period. BIS will then post determination memoranda to the public docket stating whether it has approved or denied the applications.

To implement tariffs for affirmative determinations, BIS will issue a Federal Register Notice identifying the derivative products at the 8- to 10-digit HTSUS subheading and amend the products to the derivative products annexes in the Section 232 proclamations. The IFR states the new tariffs "will take effect shortly thereafter."

Trump Administration Issues Trucks, Buses, and Parts Section 232 Tariffs

On October 17, 2025, President Trump issued a Presidential Proclamation imposing global Section 232 tariffs on imports of medium- and heavy-duty vehicles (MHDVs), medium- and heavy-duty vehicle parts (MHDVPs), and buses.[27] Effective November 1, 2025, the Section 232 measures will impose a 25% tariff on imports of MHDV and MHDVP and a 10% tariff on imports of buses. Consistent with prior tariff actions, the Presidential Proclamation specifies that products subject to these tariffs will not be subject to any other Section 232 or IEEPA-based tariff

[25] Of the 647 unique HTSUS codes, five are incorrect and two are outdated. BIS will likely ask the applicants to revise and resubmit their applications to correct the errors in the next few weeks. Additionally, four of the HTSUS codes featured in the applications were introduced in the 2025 HTSUS revision and lack historical import data.

[26] Rulemaking docket "Adoption and Procedures of the Section 232 Steel and Aluminum Tariff Inclusions Process," ID BIS-2025-0023, accessible here: https://www.regulations.gov/docket/BIS-2025-0023. The September round of inclusions applications can be found on the "Docket Documents" tab with October 7, 2025 posted dates.

[27] Presidential Proclamation 10984 of October 17, 2025: "Adjusting Imports of Medium- And Heavy-Duty Vehicles, Medium- and Heavy-Duty Vehicle Parts, And Buses into the United States," 90 FR 48451, accessible here: https://www.federalregister.gov/documents/2025/10/22/2025-19639/adjusting-imports-of-medium--and-heavy-duty-vehicles-medium--and-heavy-duty-vehicle-parts-and-buses.

orders, except for the 20% China fentanyl tariff. The proclamation also includes the following policy measures (described in more detail below):

- **Partial US-origin content exclusion**: the value of US-origin content is excluded from the MHDV and MHDVP tariffs if the products qualify for preferential treatment under the United States – Mexico – Canada Agreement (USMCA).
- **Temporary exemption for USMCA-qualifying MHDVPs**: MHDVPs that qualify under the USMCA will receive temporary exemption from tariffs until the US-origin content system is implemented.
- **Import adjustment offset program**: This program allows for a reduction in the effective tariff rate on imported MHDVPs used in domestic manufacturing or repair of MHDVs.
- **Expanded import adjustment offset program for automotive manufacturers**: Automotive manufacturers subject to the automobile parts Section 232 tariff will also benefit from an expanded import adjustment offset program.
- **Inclusions process**: A mechanism is established to add more MHDVPs to the scope of the tariff.
- **New system for declaring imports as MHDVP or automobile parts**: Importers may claim products that are not listed as MHDVP or automobile parts (under the automotive Section 232 action) as covered parts, providing lower tariff rates under certain circumstances.
- **Section 232 steel and aluminum tariff reduction**: There is an option to reduce the Section 232 steel and aluminum tariffs for certain USMCA-qualifying imports that supply US auto and truck manufacturers.

Update: *On October 29, 2025, US Customs and Border Protection (CBP) issued implementing guidance for the tariff changes.*[28] *On October 31, 2025, CBP issued additional guidance on the changes to the import adjustment offset program for automobile parts.*[29]

This Presidential Proclamation is the result of the Section 232 investigation on imports of trucks, which the US Department of Commerce's Bureau of Industry and Security (BIS) initiated on April 22, 2025.[30] BIS has not released the investigation report to the public. According to the proclamation, the BIS concluded that "MHDVs, certain MHDVPs, and buses are being imported into the United States in such quantities and under such circumstances as to threaten to impair the national security of the United States[.]"

Initial announcement and delays

President Trump initially announced the Section 232 tariff on trucks in a Truth Social post on September 25, [31] describing it as a "25% Tariff on all 'Heavy (Big!) Trucks' made in other parts of the World," beginning on October 1, 2025. In the post, President Trump identified Peterbilt, Kenworth, Freightliner, Mack Trucks as "our Great Large Truck Company Manufacturers," and asserted the United States should protect these companies from "the onslaught of outside disruptions." President Trump restated the tariff announcement in a subsequent Truth Social post on

[28] CSMS # 66665333 - GUIDANCE: Import Duties on Medium- and Heavy-duty Trucks, Medium- and Heavy-duty Truck Parts and Buses, October 29, 2025, accessible here: https://content.govdelivery.com/bulletins/gd/USDHSCBP-3f93b75.

[29] CSMS # 66684128 - GUIDANCE: Duty Offset for Imports of Automobile Parts, October 31, 2025, accessible here: https://content.govdelivery.com/bulletins/gd/USDHSCBP-3f984e0.

[30] "Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Trucks," 90 FR 17371 (April 25, 2025), accessible here: https://www.federalregister.gov/documents/2025/04/25/2025-07260/notice-of-request-for-public-comments-on-section-232-national-security-investigation-of-imports-of.

[31] See the first trucks Section 232 tariff announcement in a Truth Social post of September 25, 2025, 6:51 PM ET, accessible here: https://truthsocial.com/@realDonaldTrump/posts/115267382531822964.

October 6, 2025, noting that the implementation date was delayed until November 1.[32] The Trump administration has not explained the reason for the one-month delay. Media reports suggest the White House may have been negotiating over details of the tariff order with US automotive manufactures.

Alongside the trucks Section 232 tariff announcement on September 25, President Trump also signaled his intention to impose tariffs resulting from the Section 232 investigations on pharmaceuticals and active pharmaceutical ingredients as well as imports of timber, lumber, and wood products. Shortly thereafter on September 29, he issued a Presidential Proclamation imposing Section 232 tariffs on softwood timber and lumber and certain wood cabinetry and furniture.[33] In contrast, the administration appears to have delayed implementation of the pharmaceutical tariffs, opting to negotiate company-specific deals to suspend the threatened tariffs. In the weeks following the announcement, President Trump revealed deals with Pfizer, AstraZeneca, and EMD Serano, under which tariffs on these companies' products will be suspended for three years – through the end of his term – in exchange for commitments to invest in the United States, offer discounted versions of select name-brand drugs on a new direct-to-consumer retail website TrumpRx.gov, and lower prices for certain drugs for Medicare. The administration has not yet announced a new timeline for the final implementation of the pharmaceutical tariff action.

Tariff rates and covered products

There are three distinct tariff categories established under the trucks Section 232 action:

- **25% tariff on medium- and heavy-duty vehicles (MHDVs)**: This tariff applies to all imports of Class 3 to Class 8 vehicles, such as large pick-up trucks, moving trucks, cargo trucks, dump trucks, and tractors for eighteen-wheelers (but not trailers for eighteen-wheelers). In 2024, US imports under these HTSUS codes totaled $23.2 billion.
- **25% tariff on certain medium- and heavy-duty vehicle parts (MHDVPs):** This tariff covers imports of engines, transmissions, tires, chassis, and various other parts. In 2024, the United States imported $143.4 billion in goods under these HTSUS codes. These codes encompass a broad range of generic equipment parts, engines, and electronic components, some of which overlap with the HTSUS codes subject to the Section 232 tariffs on automobile parts or may not be intended for use in vehicles. Parts classified under these HTSUS codes that are not intended for use in trucks are excluded from the MHDVP tariff.
- **10% tariff on buses**: This tariff applies to imports of buses classified under HTSUS heading 8702, which includes school buses, transit buses, and motor coaches. In 2024, imports in this category amounted to $1.4 billion.

Vehicles manufactured in a year at least 25 years before importation will be exempt from the tariffs.

Only applies to products that are trucks, buses, or parts

Several HTSUS codes in this tariff action are in both the MHDV and the MHDVP tariff lists, while many are also within the scope of the automotive Section 232 tariff action. For products classified within HTSUS codes that appear on multiple lists, the applicable tariff would depend on whether the specific product is considered an MHDV, an MHDVP, an automobile (passenger vehicle and light truck), or an automobile part. Additionally, any products classified under the covered HTSUS codes, but which are not MHDVs, MHDVPs, automobiles (passenger vehicles and light trucks), or automobile parts, are not subject to these Section 232 tariffs.

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[32] See the second Truck Section 232 tariff announcement in a Truth Social post of October 6, 2026, accessible here: https://truthsocial.com/@realDonaldTrump/posts/115328463321928109.

[33] Presidential Proclamation 10976 of September 29, 2025: "Adjusting Imports of Timber, Lumber, and Their Derivative Products Into the United States," 90 FR 48127 (October 6, 2025), accessible here: https://www.federalregister.gov/documents/2025/10/06/2025-19482/adjusting-imports-of-timber-lumber-and-their-derivative-products-into-the-united-states; and CSMS # 66492057 - GUIDANCE: Section 232 Import Duties on Timber, Lumber, and their Derivative Products (October 10, 2025), accessible here: https://content.govdelivery.com/bulletins/gd/USDHSCBP-3f69699.

Stacking guidance updates

Products that are subject to the tariffs under this Section 232 action will not be subject to most of President Trump's other tariff orders, including all other Section 232 tariff orders, the IEEPA reciprocal / baseline tariff, and the IEEPA-based tariffs on Mexico, Canada, Brazil, and India. However, the tariff will stack on the China-specific 20% IEEPA tariff order and the China Section 301 tariffs.

None of the products that will be subject to the trucks Section 232 tariff were previously excluded from tariffs under the IEEPA reciprocal / baseline Annex II exclusion list.

Voluntary parts inclusion

Importers may also claim other imported parts used in MHDV manufacturing as being "subject to" the MHDVP Section 232 tariff, even if the part is not classified within the MHDVP tariff's covered HTSUS codes. Due to the stacking guidance, claiming this "subject to" treatment for other parts would replace any other applicable Section 232 or IEEPA tariffs (except the 20% China IEEPA fentanyl tariff). A part declared in this way would also qualify for the tariff reductions provided by the import adjustment offset program.

To claim this treatment, the importer must certify the imported parts will be used for MHDV production or repair activities in the United States. The product also cannot be classified within Chapters 72 (iron and steel), 73 (articles of iron and steel), and 76 (aluminum and articles thereof) or already be subject to the automotive Section 232 tariffs.

The Presidential Proclamation also amends the automotive Section 232 tariff to add a matching voluntary automobile parts classification (including for the UK, EU, and Japan automotive Section 232 arrangements).

Duty drawback opportunities

The Presidential Proclamation states that "only manufacturing drawback claims made in accordance with subsections (a) and (b) of section 313 of the Tariff Act of 1930, as amended, 19 U.S.C. 1313(a)–(b), and no other drawback, shall be available with respect to the duties imposed on MHDVPs pursuant to this proclamation and on automobile parts pursuant to Proclamation 10908, as amended." This is a notably broader allowance for duty drawback than the Trump administration has provided in most other Section 232 actions.

No preferential rates for trade deal partners

The Presidential Proclamation does not include preferential tariff rates for trade partners that have reached preliminary trade deals with President Trump. Several countries have negotiated or are attempting to negotiate trade deals with the Trump administration that include commitments to preferential rates under the Section 232 investigations. However, none of the trade deals announced to date include commitments to restraining the trucks Section 232 tariffs. The Presidential Proclamation does not reference any ongoing negotiations or potential for future negotiations over the tariffs.

Entry into force

The new Section 232 tariffs on MHDVs, MHDVPs, and buses will enter effect for goods entered for consumption or withdrawn from warehouse for consumption on or after 12:01 a.m. eastern daylight time on November 1, 2025. The Presidential Proclamation does not provide exceptions for goods already in transit to the United States. Goods admitted into a US foreign trade zone on or after the effective date may only be admitted as "privileged foreign status" and will be subject upon entry for consumption to any duties related to the classification under the applicable HTSUS subheading.

USMCA tariff reductions and exceptions

The trucks Section 232 tariff includes specific exceptions for North American vehicle supply chains:

- **MHDVs**: Importers of MHDVs that qualify for preferential tariff treatment under USMCA may deduct the value of US-origin content from the value of the vehicle that is subject to the 25% MHDV tariff. To ensure compliance, CBP is directed to impose the full 25% tariff on all vehicles of a given model if it determines an importer's declared US value is inaccurate. Notably, this exception does not apply to buses classified under HTSUS 8702.

- **MHDVPs**: Imports of MHDVPs that qualify for preferential treatment under USMCA are temporarily exempt from the 25% MHDVP tariff. This exemption will remain in effect until the Department of Commerce establishes a process to apply the 25% tariff solely to the non-US content of USMCA-qualifying imports.

The USMCA exceptions will somewhat moderate the effect on trade with Mexico and Canada, but the tariff increase will still be substantial. Currently, most imports of MHDVs, MHDVPs, and buses from Canada and Mexico are free of all tariffs because imports that qualify for duty-free treatment under USMCA are exempted from the Canada and Mexico IEEPA tariff orders. In contrast, MHDV, MHDVP, and bus imports from other countries have been subject to the IEEPA baseline / reciprocal tariffs for the past few months. Canada and Mexico are also the United States' largest import sources for the covered products. In 2024, the two countries accounted for 84% of the United States' MHDV and bus imports ($20.7 billion out of $24.6 billion) and 54% of the United States' imports of products in the MHDVP HTSUS codes ($78.2 billion out of $143.4 billion).

The automotive Section 232 tariff action also provided exceptions for the US-origin content of USMCA-qualifying automobiles and automobile parts. For finished automobiles, the system is already operational, with the Department of Commerce having issued the necessary implementing guidance.[34] The Department of Commerce has not yet issued implementing guidance for the tariff reduction on USMCA-qualifying automobile parts, meaning the full tariff exception for automobile parts remains in effect. The timeline for the Department of Commerce to implement the prospective system to assess the US-origin content in automobile and truck parts is uncertain. In a background briefing to the press on October 17, White House officials stated that developments are unlikely in the next few months, as they are still working to develop a method for calculating the US-origin value.

Expanded import adjustment offset program for both trucks and automobiles

The Presidential Proclamation provides for an "import adjustment offset" for companies that manufacture finished MHDVs in the United States using imported MHDVPs, which will somewhat reduce the overall tariff burden for vehicle manufacturers in the United States. Under this program, MHDV manufacturers in the United States may receive an import adjustment offset amount equal to 3.75% of the of the total value of all their MHDVs assembled in the United States per year, for five years between November 1, 2025 and October 31, 2030. The 3.75% level is intended to offset the cost of the duties owed on imported automobile parts accounting for 15% of the finished vehicle's MSRP value. The companies that receive the offset from the Department of Commerce will designate specific MDHP importers, who would then apply the offset to reduce the tariffs owed under the Section 232 tariff. Domestic bus manufacturers do not appear to qualify for the program. The Department of Commerce and CBP will issue further instructions for implementing the program. The Presidential Proclamation also instructs the Department of Commerce to create an import adjustment offset program for US MHDV engine manufacturers, reducing the tariff burden on their engine parts imports.

A similar import adjustment offset program is already in effect for the automotive Section 232 tariffs, though it was intended to last for only two years and to provide a smaller offset.[35] The Presidential Proclamation for the truck Section 232 action amends the automotive Section 232 import adjust offset program to align its terms with the new trucks import adjustment offset program, making the automotive import adjustment offset program significantly more

[34] "Procedures for Submissions by Importers of Automobiles Qualifying for Preferential Tariff Treatment Under the USMCA To Determine U.S. Content," 90 FR 21450 (May 20, 2025), accessible here: https://www.federalregister.gov/documents/2025/05/20/2025-08917/procedures-for-submissions-by-importers-of-automobiles-qualifying-for-preferential-tariff-treatment.

[35] Presidential Proclamation 10925 of April 29, 2025: "Amendments to Adjusting Imports of Automobiles and Automobile Parts into the United States," 90 FR 18899 (May 2, 2025), accessible here: https://www.federalregister.gov/documents/2025/05/02/2025-07833/amendments-to-adjusting-imports-of-automobiles-and-automobile-parts-into-the-united-states; and "Procedures To Administer Import Adjustment Offset Amounts for Certain Imports of Automobile Parts Under Proclamation 10908, as Amended;" 90 FR 25027 (June 13, 2025), accessible here: https://www.federalregister.gov/documents/2025/06/13/2025-10740/procedures-to-administer-import-adjustment-offset-amounts-for-certain-imports-of-automobile-parts.

beneficial to domestic auto manufacturers. The change follows several months of lobbying from the domestic automotive industry for lower tariffs on their international supply chains.

Tariff "inclusions process"

As with other recent Section 232 tariff orders, the Presidential Proclamation instructs the Department of Commerce to establish an "inclusions process" for the MHDVP tariff. Under this process, the Department of Commerce will have the authority to expand the scope of the 25% MHDVPs tariff at its own discretion. The Department of Commerce may add products to the tariff through its own internal process or in response to applications from domestic MHDVP manufacturers.

A similar "inclusions process" for automobile parts is already active.[36] The Department of Commerce held the first applications round for automobile parts inclusions in the first two weeks of October 2025. Domestic manufacturers submitted 7 applications containing 46 proposed additions to the tariffs, which are posted for public comment on regulations.gov until October 29.[37] The forthcoming "inclusions process" for MHDVPs is expected to operate in a similar manner to the process established for automotive parts.

Steel and aluminum Section 232 tariff modifications

The Presidential Proclamation introduces a new discretionary reduction to the steel and aluminum Section 232 tariffs for certain USMCA-qualifying imports that supply US automotive and truck manufacturers. Under this system, the Department of Commerce is authorized to lower the steel and aluminum Section 232 tariffs to as low as 25% (from the current 50%) for aluminum or steel producers that operate production facilities in Canada or Mexico and supply United States automobile or MHDV manufacturers.

To qualify, the steel and aluminum would have to qualify for preferential tariff treatment under the USMCA and have been smelted and cast or melted and poured in Canada or Mexico. The total amount of aluminum and steel allowed for import under the reduced tariff would be limited to "quantities of aluminum or steel equal to newly committed United States production capacity[.]"

[36] "Adoption and Procedures of the Section 232 Automobile Parts Tariff Inclusions Process," 90 FR 44767 (September 17, 2025), accessible here: https://www.federalregister.gov/documents/2025/09/17/2025-18015/adoption-and-procedures-of-the-section-232-automobile-parts-tariff-inclusions-process; and the new regulations at Supplement No. 2 to Part 705, Title 15, accessible here: https://www.ecfr.gov/current/title-15/subtitle-B/chapter-VII/subchapter-A/part-705/appendix-Supplement%20No.%202%20to%20Part%20705.

[37] The Section 232 Automobile Parts Tariff Inclusions Request (October 2025) docket is accessible here: https://www.regulations.gov/docket/ITA-2025-0038.

Trade Agreements

United States Implements Tariff Reductions for European Union Trade Deal

On September 25, 2025, the US Department of Commerce and the United States Trade Representative (USTR) published the implementing notice for the US tariff reductions pledged under the August 2025 US-EU Framework Agreement.[38] The notice lowers the automotive Section 232 tariffs for the EU, grants a new exclusion for civil aircraft (except unmanned aircraft) from all active tariffs, and grants an exception from the International Emergency Economic Powers Act (IEEPA) reciprocal tariffs for certain listed domestically unavailable natural resources and generic pharmaceutical materials. The automotive tariff reduction is retroactive to August 1, and the tariff exceptions are retroactive to September 1.

As the tariff reductions are retroactive, Customs and Border Protection (CBP) guidance advises that importers should file post summary corrections for unliquidated entries and protests for liquidated entries to obtain refunds. Negotiations for the full agreement, as well as efforts in the European Parliament to adopt the EU's pledged tariff reductions, are continuing.

The US-EU Framework Agreement and implementation

On August 21, 2025, the United States and the EU released the *Joint Statement on a United States-European Union Framework on an Agreement on Reciprocal, Fair, and Balanced Trade* (Framework Agreement) to mitigate recent tariffs imposed by the United States on the EU in exchange for new market access and economic cooperation commitments.[39] The Framework Agreement commits the Trump administration to moderating several of its new tariff actions against the EU in exchange for several market access concessions from the EU.

Following the announcing of the Framework Agreement, it took almost a month for the Trump administration to implement its commitments. Nevertheless, the tariff reductions detailed in the September 25 notice were made retroactive to the effective dates specified in the Framework Agreement.

This is the first of the Trump administration's trade deal implementing orders carried out under the process established by Executive Order 14346 of September 5, 2025. The order, titled *Modifying the Scope of Reciprocal Tariffs and Establishing Procedures for Implementing Trade and Security Agreements*,[40] directed the Department of Commerce and USTR to implement trade deals without requiring a separate executive order signed by President Trump. In contrast, implementation of the United States – Japan Framework Agreement required an Executive Order issued on September 4, followed by an additional Federal Register Notice from the Department of Commerce International Trade Administration (ITA) a week later before the changes could take effect.[41]

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[38] "Implementing Certain Tariff-Related Elements of the U.S.-EU Framework on an Agreement on Reciprocal, Fair, and Balanced Trade," 90 FR 46136 (September 25, 2025), accessible here: https://www.federalregister.gov/documents/2025/09/25/2025-18660/implementing-certain-tariff-related-elements-of-the-us-eu-framework-on-an-agreement-on-reciprocal; and CSMS # 66336270 - Guidance – Implementation of Tariff-Related Elements of the United States-European Union Framework Agreement, September 24, 2025, accessible here: https://content.govdelivery.com/bulletins/gd/USDHSCBP-3f4360e.

[39] Joint Statement on a United States-European Union Framework on an Agreement on Reciprocal, Fair, and Balanced Trade," accessible here: https://policy.trade.ec.europa.eu/news/joint-statement-united-states-european-union-framework-agreement-reciprocal-fair-and-balanced-trade-2025-08-21_en (EU version) and here: https://www.whitehouse.gov/briefings-statements/2025/08/joint-statement-on-a-united-states-european-union-framework-on-an-agreement-on-reciprocal-fair-and-balanced-trade/ (US version).

[40] Executive Order 14346 of September 5, 2025: "Modifying the Scope of Reciprocal Tariffs and Establishing Procedures for Implementing Trade and Security Agreements," 90 FR 43737 (September 5, 2025), accessible here: https://www.federalregister.gov/documents/2025/09/10/2025-17507/modifying-the-scope-of-reciprocal-tariffs-and-establishing-procedures-for-implementing-trade-and.

[41] Executive Order 14345 of September 4, 2025: "Implementing the United States-Japan Agreement," 90 FR 43535 (September 9, 2025), accessible here: https://www.federalregister.gov/documents/2025/09/09/2025-17389/implementing-the-united-states-japan-agreement; and "Implementing Certain Tariff-Related Elements of the United States-Japan Agreement," 90 FR 44638 (September 16, 2025), accessible here: https://www.federalregister.gov/documents/2025/09/16/2025-17908/implementing-certain-tariff-related-elements-of-the-united-states-japan-agreement.

Tariff commitments implemented under the September 25 notice

New exceptions from the IEEPA reciprocal tariffs

The notice implements exceptions from the IEEPA reciprocal tariffs (EO 14257, as amended) for certain listed EU-origin articles classified as either (i) “unavailable natural resources (including cork)” or (ii) “generic pharmaceuticals and their ingredients and chemical precursors.” The full lists of affected HTSUS codes and the modifications to HTSUS Chapter 99 modifications are detailed in Annex II, Part B of the notice.

- **Unavailable natural resources** (including cork): The exception for natural resources that are not available in the United States includes various types of cork, silk, precious gems and metals, industrial minerals and metals, and certain agricultural products. Most of these exceptions apply at the HTSUS 8-digit level to all entries classified under the listed HTSUS code. However, the tariff exception for essential oils (3301.29.51) is limited to certain oils intended for religious uses, rather than all articles classified within 3301.29.51.

  The natural resources exception includes 220 HTSUS 8-digit level codes, accounting for a total of $6 billion in US imports in 2024 (or 1% of total US goods imports from the EU). Of these excepted imports, 169 HTSUS codes representing about $4 billion worth of 2024 imports are already covered by the Annex II exclusions list. The reason for the overlap between the two exclusion lists is unclear. The most significant new exclusions, in terms of import value, include diamonds and other gemstones, cork, kiwifruit, and paprika.

- **Generic pharmaceuticals and their ingredients and chemical precursors**: Covered HTSUS codes include a broad range of pharmaceuticals and pharmaceutical inputs. The exception only applies to the articles in the listed HTSUS codes if they are “articles the product of the European Union that are not patented in the United States for use in pharmaceutical applications[.]” CBP’s guidance states that importers should “ensure that all supporting documentation that substantiate proof that the products are non-patented articles for use in pharmaceutical applications are kept on file for recordkeeping purposes.”

  The generic pharmaceuticals exception includes products classified under 807 HTSUS 8-digit codes. In 2024, the United States imported $159 billion worth of goods from the EU under these codes, representing 27% of total US goods imports from the EU. However, the new exception applies only to products classified as generics.

  For now, this tariff exception will have minimal practical impact for importers, but it may become significant if President Trump proceeds with his recent announcement of Section 232 tariffs on patented pharmaceuticals. This is because nearly all imports within the EU’s generics exception are already exempt from IEEPA tariffs under the Annex II exceptions list. The Annex II list includes 473 of the 807 listed HTSUS codes, covering $156 billion of the $159 billion in 2024 import value. The 334 newly excepted codes for generics pertain to products that the United States does not import from the EU in significant quantities. Moreover, the Annex II exclusion covers all imports classified under the HTSUS codes, offering a broader exception than the EU’s new generics-only exception.

  However, the Trump administration likely plans to include these HTSUS codes under the pending Section 232 action on pharmaceuticals and pharmaceutical ingredients, altering their tariff treatment. On September 25, President Trump announced his intention to impose 100% tariffs under the Section 232 action, although the imposition of these tariffs has been delayed.[42] President Trump indicated that the Section 232 tariff would apply only to patented pharmaceuticals, not generics. Once the Section 232 tariff is imposed, the relevant pharmaceutical and pharmaceutical ingredient HTSUS codes would likely be removed from the IEEPA reciprocal tariff Annex II exclusions list. As a result, any pharmaceuticals and pharmaceutical ingredients that are not covered by the Section 232 order (that is, generics) would then become subject to the IEEPA reciprocal tariffs. At that time, the EU’s separate IEEPA tariff exception for generics would maintain MFN tariff levels for EU generics.

[42] Truth Social post of September 25, 2025, accessible here: https://truthsocial.com/@realDonaldTrump/posts/115267512131958759.

The modifications are effective with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. EDT on September 1, 2025. As currently written, this exception applies only to the IEEPA reciprocal tariffs. Any other applicable tariffs on these articles remain in effect.

Civil aircraft and parts tariff exception from the IEEPA reciprocal and Section 232 tariffs

The implementing notice provides a broader tariff exception for civil aircraft and aircraft parts, excepting the listed articles from both (i) the IEEPA baseline/reciprocal tariffs and (ii) the Section 232 tariff actions on steel and steel derivative articles, aluminum and aluminum derivative articles, and semi-finished copper and intensive copper derivative products.

The notice includes the full list of the 547 HTSUS codes that may qualify for the aircraft exception in Annex II, Part B. The list of covered products is the same as the list of aircraft products in the Executive Order 14346 Annex III list of "potential tariff adjustments for aligned partners," except that the EU tariff exception does not include unmanned aircraft (HTSUS 8806). In 2024, the United States imported $79 billion worth of products under the covered HTSUS codes (though not all of these imports may qualify as civil aircraft). Only 4 of the 547 HTSUS codes on this list were already on the Annex II exceptions list, making this tariff exception largely new.

The modification is effective with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. EDT on September 1, 2025. To claim the exception for a listed product, importers must certify on their entry summary that the imported product is a civil aircraft or has been imported for use in a civil aircraft, in accordance with the standard rules in HTSUS General Note 6.[43]

Any other tariffs that may apply to these articles remain in effect. Although the tariff exception applies to several Section 232 tariff orders, in addition to the IEEPA reciprocal tariffs, it is unclear whether the Trump administration intends to exempt these products from future Section 232 tariff orders as well. The Department of Commerce Bureau of Industry and Security (BIS) is currently carrying out Section 232 investigations on imports of commercial aircraft and jet engines (initiated on May 1, 2025) and unmanned aircraft and parts (initiated on July 1, 2025).

Automotive Section 232 tariff rate reduction

The implementing notice reduces the 25% Section 232 tariff on passenger vehicles (sedans, sport utility vehicles, crossover utility vehicles, minivans, and cargo vans), light trucks, and automotive parts to the higher of either (i) 15% or (ii) the Column 1 MFN rate. For a covered automotive product of the EU with a Column 1 duty rate below 15%, the total duty rate, including the Section 232 tariff and MFN, would be 15%. For a covered automotive product of the EU with a Column 1 duty rate of 15% or higher, the Section 232 tariff will be 0% (leaving only the MFN rate in effect).

The United States' MFN tariff rate on passenger vehicles is 2.5% and the MFN tariff rate on light trucks is 25%, suggesting a tariff reduction from 27.5% to 15% for passenger vehicles and from 50% to 25% for light trucks. US MFN tariff rates for the covered automotive parts vary but are all below 15%, meaning the new tariff rates for automotive parts will total 15%, inclusive of the Section 232 tariff and MFN tariff.

The modification is effective with respect to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 a.m. EDT on August 1, 2025. Any other tariffs that may apply to these articles remain in effect. Products covered by the automotive Section 232 tariffs may also be within the scope of the steel, aluminum, copper, and wood products Section 232 tariffs.

[43] See 19 C.F.R. 10.183, accessible here: https://www.ecfr.gov/current/title-19/chapter-I/part-10/subpart-A/subject-group-ECFR60b0a6c86162352/section-10.183.

Other US tariff matters under the Framework Agreement

Steel and aluminum Section 232 tariff negotiations

Steel, aluminum, and their derivative products, which are currently subject to 50% Section 232 tariffs, will remain subject to those tariffs. Both governments have expressed their intention to explore cooperation on “ring-fencing” their domestic markets and securing their shared supply chains through tariff-rate quotas. However, the Framework Agreement does not include specific commitments on future tariff reductions. The Framework Agreement does not reference the 50% Section 232 tariff on semi-finished copper and intensive copper derivative products. These tariffs are becoming increasingly significant for importers, with the Department of Commerce repeatedly expanding their product scope through the new “Inclusions Process.” The Department of Commerce expanded the steel and aluminum Section 232 tariffs to cover hundreds of more HTSUS codes in July and will likely do so again by November. EU officials appear concerned that the continued expansion of the Section 232 tariffs is undermining the value of the IEEPA tariff reductions.

In early October, the European Commission proposed lowering its TRQ for steel imports and doubling the out-of-quota tariff to 50%, seeking to both increase steel policy alignment with the United States and protect its domestic industry. The proposal replaces the current 25% safeguard tariff that will expire in June 2026. European Trade Commissioner Maroš Šefčovič stated that he hopes the proposal will help the EU negotiate an arrangement to jointly ring-fence the US and EU steel markets from global steel production overcapacity, in line with the Framework Agreement’s commitment to a coordinated response. He added that the EU would follow GATT Article XXVIII schedule modification processes for withdrawing concessions and negotiating compensating concessions with other WTO members.

Other Section 232 investigations and tariff limits

In addition to the tariff modifications included in the September 25 notice, the Framework Agreement states that the Trump administration will limit Section 232 tariffs on imports from the EU to no higher than 15% for any tariff actions resulting from the Section 232 investigations of timber, lumber, and wood products; pharmaceuticals and pharmaceutical ingredients; and semiconductors and semiconductor manufacturing equipment. In the timber, lumber, and wood products Section 232 tariff action issued on September 29, President Trump honored that commitment by limiting the tariffs for upholstered wooden products and kitchen cabinets and vanities to 15% (inclusive of MFN tariffs as well as the Section 232 tariff).[44]

The Framework Agreement does not reference any prospective tariff bindings for the ongoing Section 232 investigations of trucks and truck parts, processed critical minerals and derivative products, commercial aircraft and jet engines, polysilicon and derivative products, unmanned aircraft systems (UAS) and UAS parts, wind turbines and part, robotics and industrial machinery, and medical supplies.

IEEPA reciprocal tariff rate

Other than the Section 232 reductions and tariff exceptions in the September 25 notice, the Framework Agreement includes a commitment to limit the IEEPA reciprocal tariff on imports from the EU to either 15% or, if higher, the MFN tariff rate. Unlike the other tariff modifications issued in September, the Trump administration included the new reciprocal tariff rate in the July 31 executive order that modified and implemented the reciprocal tariffs. The original reciprocal tariff rate imposed on the EU in President Trump’s April 2 executive order was 20%, which had been applied on top of the MFN rate.

[44] Proclamation 10976 of September 29, 2025: “Adjusting Imports of Timber, Lumber, and Their Derivative Products Into the United States,” 90 FR 48127, accessible here: https://www.federalregister.gov/documents/2025/10/06/2025-19482/adjusting-imports-of-timber-lumber-and-their-derivative-products-into-the-united-states.

Rules of origin

For the tariff modifications discussed above, the Framework Agreement notes that the United States and EU "will negotiate rules of origin that ensure that the benefits of the Agreement on Reciprocal Trade accrue predominately to the United States and the European Union." Several of President Trump's other trade deals include similarly vague language on new rules of origin. These commitments may suggest that the Trump administration is considering establishing new preferential rules of origin for its reciprocal tariff deals, similar to those used in free trade agreements. However, the September 25 implementation order and CBP guidance documents do not include any modifications to the standard rules of origin.

EU introduces tariff reduction legislation

In exchange for the moderation of the Trump administration's reciprocal and Section 232 tariffs, the EU has agreed to (i) "eliminate tariffs on all U.S. industrial goods" and (ii) "provide preferential market access for a wide range of U.S. seafood and agricultural goods, including tree nuts, dairy products, fresh and processed fruits and vegetables, processed foods, planting seeds, soybean oil, and pork and bison meat." The EU will also extend the recently expired *Joint Statement of the United States and the European Union on a Tariff Agreement* from 2020, with respect to lobster, and to expand the product scope to include processed lobster.

In late August, the EU began its legislative processes for implementing the tariff reductions, introducing a legislative proposal to lower industrial and agricultural tariffs and a proposal to expand the lobster agreement.[45] EU legislative processes are time-consuming and complex so approving the tariff changes could take several years. The legislative proposal has also encountered significant protest by Members of Parliament, which could lead to challenges with obtaining approval or changes to the changes to the legislation that the United States could view as inconsistent with the agreement.

Next steps and future prospects

The Framework Agreement serves as a basis for negotiating a trade and investment agreement in line with each party's internal procedures. Negotiations will continue over unresolved issues, while the parties proceed with implementing specific agreed-upon commitments. To keep the US commitments in place, the Trump administration likely expects the EU to quickly approve the tariff reductions in the European Parliament and commit to other regulatory concessions in the ongoing negotiations. It is unclear whether the Trump administration will have enough patience for the EU's lengthy legislation timelines. Since announcing the Framework Agreement in August, President Trump has publicly threatened to impose additional tariffs on the EU on several occasions.

Besides the specific tariff commitments, the Framework Agreement includes numerous statements relates to expanding mutual recognition arrangements, resolving regulatory challenges, promoting investment, and facilitating energy trade. The statements are vague and do not involve any specific, enforceable commitments. The parties are continuing to develop these aspects of the agreement. According to media reports, the Trump administrative has intensified its demands for changes to the EU's internal market regulations relating to both digital and sustainability topics in recent weeks, which is leading to doubts about the survivability of the Framework Agreement in the EU.

Trump Administration Signs Agreements on Reciprocal Trade with Malaysia and Cambodia; Issues Summary Joint Statements with Thailand and Vietnam

On October 26, 2025, the Trump administration announced the conclusion of negotiations and the signing of "reciprocal trade agreements" with Malaysia and Cambodia. These agreements formalize the reduced reciprocal tariff rate of 19% for both countries, as set forth by President Trump's July 31, 2025 executive order (EO 14326)[46] under

[45] "EU proposes tariff reductions to implement EU-US deal," European Commission, August 27, 2025, accessible here: https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1993.

[46] Executive Order 14326 of July 31, 2025: Further Modifying the Reciprocal Tariff Rates, 90 FR 37963, accessible here: https://www.federalregister.gov/documents/2025/08/06/2025-15010/further-modifying-the-reciprocal-tariff-rates.

the International Emergency Economic Powers Act (IEEPA) and introduce new tariff exceptions for certain products. In addition, the agreements include a series of policy commitments by Malaysia and Cambodia in return for relief from the previously threatened reciprocal tariffs of 24% for Malaysia and 49% for Cambodia.

The Trump administration announced the two agreements during a trip to Southeast and East Asia, which included a stop at the ASEAN summit in Malaysia, as well as visits to Japan and the APEC summit in Korea. While in Malaysia, the administration also reported progress toward trade deals with Thailand and Vietnam. In Japan and Korea, new agreements were unveiled focusing on technology and critical minerals cooperation. Additionally, following a bilateral meeting in Korea between President Trump and Chinese President Xi, a third extension of the US-China trade war de-escalation agreement was announced.

Overview of the two reciprocal trade agreements

While the agreements maintain the 19% reciprocal tariff, they include new product-specific IEEPA tariff exemptions for generic pharmaceuticals and active ingredients, civil aircraft and aircraft parts, natural resources unavailable or insufficient in the United States, and agricultural products not produced domestically at scale. The new exceptions are based on the list provided in Annex III of the September 5, 2025 executive order (EO 14346)[47] on potential tariff adjustments for aligned partners. Additionally, the agreements include a general provision to consider preferential treatment in future Section 232 tariff actions, but do not explicitly guarantee any Section 232 preferences.

Malaysia and Cambodia's commitments are largely parallel, featuring preferential reductions to WTO most-favored-nation (MFN) tariff rates for US-origin goods, broad undertakings on non-tariff barriers, digital trade, and potentially significant economic security cooperation commitments. Both agreements also address specific market access issues raised by US companies, covering many topics highlighted in the United States Trade Representative (USTR) National Trade Estimate (NTE) Reports.[48] Though the overall structure is the same, there are also a few differences. The Malaysia agreement includes more rigorous commitments on non-tariff measures and economic security cooperation and makes larger import and investment commitments. The Cambodia agreement, in contrast, reduces its MFN tariff by a much larger amount.

US-Malaysia Agreement on Reciprocal Trade

President Trump and Prime Minister Anwar Ibrahim signed the *Agreement Between the United States of America and Malaysia on Reciprocal Trade* (UM-ART)[49] on the sidelines of the 47th ASEAN Summit in Kuala Lumpur on October 26, 2025. The agreement intends to "enhance reciprocity in their bilateral trade relationship by addressing tariff and non-tariff barriers;" and seeks to "strengthen their commercial relationship through increased alignment on national and regional economic security matters."

Upon entry into force, the agreement requires Malaysia to gradually reduce customs duties on select US-origin products; address various non-tariff barriers; align with the United States on specific economic security matters; facilitate $70 billion of investments in the United States over the next 10 years; and purchase US aircraft, energy products, and semiconductor and data center products.

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[47] Executive Order 14346 of September 5, 2025: Modifying the Scope of Reciprocal Tariffs and Establishing Procedures for Implementing Trade and Security Agreements, 90 FR 43737, accessible here: https://www.federalregister.gov/documents/2025/09/10/2025-17507/modifying-the-scope-of-reciprocal-tariffs-and-establishing-procedures-for-implementing-trade-and.

[48] USTR's 2025 National Trade Estimate Report on Foreign Trade Barriers is accessible here: https://ustr.gov/sites/default/files/files/Press/Reports/2025NTE.pdf.

[49] The full text of the US-Malaysia agreement on reciprocal trade is accessible here: https://ustr.gov/sites/default/files/files/agreements/ARTs/MALAYSIA%20ART%20Text%20Final%20Clean%20treaty%20size%20with%20Schedules%20rev.pdf; the joint statement is accessible here: https://www.whitehouse.gov/briefings-statements/2025/10/joint-statement-on-united-states-malaysia-agreement-on-reciprocal-trade/; and a US factsheet summarizing the agreement is accessible here: https://ustr.gov/about/policy-offices/press-office/fact-sheets/2025/october/fact-sheet-united-states-and-malaysia-reach-agreement-reciprocal-trade.

Tariff commitments

The United States will continue to impose a 19% reciprocal tariff on imports originating in Malaysia, consistent with the rate established in EO 14326. Though the tariff rate remains the same, the United States has granted a new tariff exception to 1,712 tariff lines (some subject to scope limitations) outlined in Schedule 2 of Annex I of the agreement, which essentially mirrors Annex III of EO 14346 on potential tariff adjustments for aligned partners. The 1,712 tariff lines encompass various agricultural products (such as cocoa, palm oil, and rubber), chemicals, precious metals, rare earth minerals, non-patented pharmaceuticals, and civil aircraft parts. However, not all the exceptions are new. Of the 1,712 exceptions, 678 are already exempt from the IEEPA tariffs under the Annex II exceptions list. Inclusion of these codes in the UM-ART may provide Malaysia with preferential protection from IEEPA tariffs if the Trump administration removes the products from the Annex II list in future Section 232 actions (such as the proposed Section 232 tariff on patented pharmaceuticals) but will provide no new market access for now. The reciprocal tariff rate is applied in addition to the prevailing MFN duty rate. All Section 232 tariffs also remain in effect, which replace the 19% reciprocal tariff for covered products.[50]

In exchange, Malaysia has agreed to reduce MFN duty rates on certain US-origin goods according to the schedule set forth in Annex I, Schedule I. Out of the 11,444 tariff lines in Malaysia's tariff schedule, 6,554 are already subject to a 0% MFN duty. Upon the agreement's entry into force, duty rates on 249 additional tariff lines will be reduced from their current MFN rates to 0%. Partial tariff reductions will apply to 3,364 tariff lines, while tariffs on 84 tariff lines related to alcohol and vehicles will be phased out over five- or nine-year periods. New preferential tariff-rate quotas (TRQs) will be established for pork, live pigs, dairy products, and eggs. MFN rates will remain unchanged for the remaining 1,169 tariff lines.

Unlike the US framework trade deals with the European Union and Japan, the UM-ART does not modify the interplay between reciprocal tariffs, Section 232 measures, and MFN duties. While the agreement itself does not specifically reference the Section 232 tariffs, the accompanying joint statement notes that "the United States may positively consider the effect that the Agreement has on national security, including taking the Agreement into consideration when taking trade action under section 232[.]"

Rules of origin

While the UM-ART includes commitments from Malaysia to strengthen enforcement against transshipment and to enter a duty evasion cooperation agreement with the United States, it does not introduce any significant changes to rules of origin or transshipment-related policies. Relevant sections of the text related to rules of origin remain blank. Additionally, the UM-ART does not specify any preferential rules of origin that Malaysia may wish to implement in connection with the new preferential tariff rates offered for US-origin products.

Non-tariff commitments made by Malaysia

The UM-ART includes various commitments on non-tariff measures, digital services trade, specific trade concerns, and economic security cooperation.

- **General market access commitments:** The agreement includes sections covering obligations regarding import licensing, technical standards, sanitary and phytosanitary (SPS) standards, intellectual property protection, services access, good regulatory practices, trade facilitation, state owned enterprise (SOE) disciplines, and source code protection. Many of the commitments simply reaffirm existing WTO commitments and are unlikely to provide new rights.

- **Specific trade concerns:** Although the general market access commitments in Section 2 of the UM-ART may not confer additional market access rights, Annex III provides various targeted commitments by Malaysia to

[50] The currently active Section 232 tariff actions cover steel and steel derivative products; aluminum and aluminum derivative products; automobiles and automotive parts; semi-finished copper and copper derivative products; softwood lumber, upholstered furniture, and cabinetry; and heavy trucks, buses, and truck parts. Nine other Section 232 investigations are currently underway or pending decisions on final actions.

address longstanding market access concerns raised by US companies in USTR's annual NTE Reports. Malaysia has committed to accepting US-manufactured vehicles that meet US motor vehicle safety and emissions standards; streamlining import licensing procedures for US alloy steel, pipe products, and steel-containing goods; simplifying product requirements for cosmetics, pharmaceuticals, and medical devices; and reviewing US concerns regarding conformity assessment procedures. Malaysia also agrees to address and prevent non-tariff barriers affecting US food and agricultural products in its market, including acceptance of currently agreed certificates issued by US regulatory authorities, simplification of halal and facility registration requirements to facilitate the import of US food and agricultural products, and adoption of US regionalization measures for animal disease management.

- **Digital trade commitments:** The UM-ART includes several significant digital trade commitments, which are priorities for the US technology and services industries. Malaysia has committed to supporting the adoption of the permanent moratorium on customs duties on electronic transmissions at the WTO, to refrain from implementing a digital services tax (DST), to avoid discriminating against US digital services, and to facilitate cross-border data flows. The agreement also includes commitments to resolving several specific trade concerns regarding requirements for local content in broadcast media, a requirement for social media platforms and cloud providers to contribute 6% of their revenue generated in Malaysia to a domestic fund, and a directive redirecting all DNS traffic to local DNS services.

- **Geographical indications (GIs):** Malaysia has agreed not to apply GIs to a list of food terms provided in Annex II of the agreement. The list closely mirrors those that USTR has previously requested other countries to exempt from GI protections, which was developed in response to efforts by the EU to include GIs in its free trade agreements.[51]

- **Forced labor import prohibition:** The UM-ART includes a commitment by Malaysia to "adopt and implement a prohibition on the importation of goods mined, produced, or manufactured wholly or in part by forced or compulsory labor" within two years. The Trump administration will likely seek to include similar commitments in all its trade deals, a practice that began with the United States – Mexico – Canada Agreement (USMCA). Malaysia has also agreed to adopt other internal labor rights reforms relating to protection of migrant workers.

- **Environment:** Malaysia commits to upholding high standards of environmental protection and to effectively enforcing its environmental laws. This includes taking measures to combat illegal logging, regulate fisheries subsidies, address illegal, unreported, and unregulated (IUU) fishing, and prevent the illegal wildlife trade.

- **Tax commitments:** The UM-ART includes several tax and tariff policy-related commitments that have not featured in previous trade agreements. Malaysia commits to coordinate and seek to align its border measures on third-country imports with any relevant border measures the United States may adopt in the future, such as border-adjusted taxes or similar policies, to prevent regulatory loopholes that "would disadvantage US workers and businesses." Both parties agree not to initiate or support any WTO dispute settlement proceedings against measures adopted by the other party to rebate or exempt direct taxes on exports. Malaysia also agrees not to apply value-added taxes that, in law or in practice, discriminate against US companies, and to specifically exempt US agricultural and seafood exports from its sales and service tax (SST, a single staged tax levied on imported and locally manufactured goods and taxable services in Malaysia). Though certain essential food products are exempt from the SST, Malaysia recently reduced the scope of the food exceptions, applying the 5% SST to certain imported fruits, soybeans, and several species of fish that are commonly exported by the United States.

- **Alignment with US economic security policies:** Malaysia has also made broad commitments to cooperating with US economic security policies and related trade restrictions, several of which appear to target China specifically. Some of these provisions (such as sanctions and investment screening cooperation) are similar to

[51] For example, see the 2024 Exchange of Letters under the US-Chile Free Trade Agreement, in which Chile agreed to not limit US market access under a similar list of names, accessible here: https://ustr.gov/sites/default/files/U.S.-Chile%20EOL%20WEBSITE%20VERSION%20EOL.pdf.

other diplomatic cooperation arrangements, while others (such as mutual adoption of fees on Chinese vessels) are new.

Article 5.1 of the UM-ART commits Malaysia to adopt measures with similar restrictive effect as US national security-based tariffs under certain circumstances (which is likely referencing Section 232 tariffs), adopt new rules to prevent companies from third countries from operating in Malaysia in a way that competes unfairly with US companies or that allows them to export to the United States at below-market prices (which is likely referencing trade remedies circumvention and transnational subsidies), and to adopt measures “to encourage shipbuilding and shipping by market economy countries (which is likely a reference to the US Section 301 fees on Chinese-built or operated vessels).

Malaysia has specifically committed to join the Global Forum on Steel Excess Capacity and “take meaningful steps to address global overcapacity in the steel sector” and to not restrict exports of critical minerals and rare earth elements to the United States.

Article 5.2 then commits Malaysa cooperate with US export controls (including unilateral controls) and US sanctions programs, as well as considering adopting an inbound investment security screening system. In this section, the United States notes that it will take Malaysia’s cooperation into account in administrating its own export control and investment review laws.

Entry into force

The UM-ART enters effect 60 days after the parties have exchanged written notifications certifying completion of their relevant domestic legal procedures. Malaysia’s Parliamentary Special Select Committee on International Relations and International Trade plans to convene a special hearing on November 12 to examine the agreement. The Committee will then provide its recommendations. The Trump administration is treating the agreement as an executive agreement and will implement the US tariff changes through executive branch action. US Customs and Border Protection (CBP) is expected to issue additional guidance and filing instructions for importers under the revised tariff schedules.

Other US-Malaysia agreements and initiatives

Critical minerals MOU

The US-Malaysia Critical Minerals Memorandum of Understanding (MOU)[52] aims to advance the development of local critical mineral processing in Malaysia, supporting Malaysia’s ambition to become a regional processing hub in line with Western supply chain diversification strategies. The MOU establishes a framework for bilateral cooperation to diversify global critical minerals supply chains and promote trade and investment across the entire value chain, including exploration, extraction, processing and refining, manufacturing, and recycling and recovery. The MOU encourages responsible investment, facilitates technology transfer, and supports regulatory alignment to enhance the resilience of global supply networks.

Both countries have committed to coordinating efforts to protect their domestic critical minerals markets from unfair trade practices by establishing transparent, high-standard marketplaces, which may include pricing mechanisms such as price floors. Regular working-level meetings will guide implementation, identify new collaborative projects, and evaluate opportunities for joint investment.

[52] The US-Malaysia Critical Minerals Memorandum of Understanding is accessible here: https://www.whitehouse.gov/briefings-statements/2025/10/memorandum-of-understanding-between-the-government-of-the-united-states-of-america-and-the-government-of-malaysia-concerning-cooperation-to-diversify-global-critical-minerals-supply-chains-and-promote/.

Currency markets intervention agreement

bank Negara Malaysia and the US Treasury signed an understanding to disclose foreign exchange market interventions.[53] The arrangement reaffirms Malaysia's commitments under the IMF Articles of Agreement to avoid manipulating exchange rates and highlights that Malaysia agreed to not target exchange rates for competitive purposes. BNM also specifically commits to public disclosure of major foreign exchange transactions (as well as private disclosure to the United States of more detailed data) and to publish foreign exchange reserves data following IMF standards. Although Malaysia has not recently featured on the US Treasury's currency practices Monitoring List, concerns have been raised in the past about a lack of transparency by BNM about its market interventions.

Malaysia-US Comprehensive Strategic Partnership

As part of the outcome of the trade deal negotiations, the United States and Malaysia agreed to elevate their 2014 Comprehensive Partnership to a Comprehensive Strategic Partnership (CSP).[54] The CSP further strengthens and reaffirms the longstanding cooperation between Malaysia and the United States across key strategic areas, including trade and investment, advanced technology, defense and security, energy security, regional peace and stability, and people-to-people connections.

In comments to the press, Malaysia's Minister of Investment, Trade, and Industry, Tengku Datuk Seri Zafrul Abdul Aziz, emphasized that the enhanced CSP status is expected to bolster Malaysia's semiconductor sector. He added that "Malaysia's semiconductor sector, which exported RM56.2 billion worth of goods to the US in 2024 – nearly 10% of total US semiconductor imports, is now treated as a critical supply chain partner, not just an ordinary vendor."

US-Cambodia Agreement on Reciprocal Trade

President Trump and Prime Minister Hun Manet signed the *Agreement Between the United States of America and Kingdom of Cambodia on Reciprocal Trade* (UC-ART)[55] on the sidelines of the 47th ASEAN Summit in Kuala Lumpur on October 26, 2025. Similar to the UM-ART, the UC-ART intends to "enhance reciprocity in their bilateral trade relationship by addressing tariff and non-tariff barriers;" and seeks to "strengthen their commercial relationship through increased alignment on national and regional economic security matters." The UC-ART recognizes Cambodia as a least-developed country (LDC) and appears to provide more flexibility in some of the commitments that would require higher levels of regulatory capacity.

Upon entry into force, the agreement requires Cambodia to eliminate MFN tariffs on all US-origin products, address various non-tariff barriers, consult on alignment with the United States on specific economic security matters, and purchase at least ten US-made aircraft.

Tariff commitments

The United States will continue to impose a 19% reciprocal tariff on imports originating in Cambodia, consistent with the rate established in EO 14326. Though the tariff rate remains the same, the United States has granted a new tariff exception to 1,875 tariff lines (some subject to scope limitations) outlined in Schedule 2 of Annex I of the UC-ART, which essentially mirrors Annex III of EO 14346 on potential tariff adjustments for aligned partners. The 1,875 tariff

[53] Statement of the US Department of the Treasury and Bank Negara Malaysia, US Treasury, October 28, 2025, accessible here: https://home.treasury.gov/news/press-releases/sb0294.

[54] "Malaysia and the United States Elevate Bilateral Relations to Comprehensive Strategic Partnership," Ministry of Foreign Affairs Malaysia, October 26, 2025, accessible here: https://www.kln.gov.my/web/guest/-/malaysia-and-the-united-states-elevates-bilateral-relations-to-comprehensive-strategic-partnership?inheritRedirect=true&redirect=%2Fweb%2Fguest%2Fpress-releases.

[55] The full text of the US-Cambodia agreement on reciprocal trade is accessible here (see the bottom of the page for links to Annex I and the tariff schedules): https://www.whitehouse.gov/briefings-statements/2025/10/agreement-between-the-united-states-of-america-and-the-kingdom-of-cambodia-on-reciprocal-trade/; the joint statement is accessible here: https://www.whitehouse.gov/briefings-statements/2025/10/joint-statement-on-united-states-cambodia-agreement-on-reciprocal-trade/; and a US factsheet summarizing the agreement is accessible here: https://ustr.gov/about/policy-offices/press-office/fact-sheets/2025/october/fact-sheet-united-states-and-cambodia-reach-agreement-reciprocal-trade.

lines encompass various agricultural products, chemicals, precious metals, rare earth minerals, non-patented pharmaceuticals, and civil aircraft parts. However, not all the exceptions are new.

Of the 1,875 exceptions, 678 are already exempt from the IEEPA tariffs under the Annex II exceptions list. Inclusion of these codes in the UC-ART may provide Cambodia with preferential protection from IEEPA tariffs if the Trump administration removes the products from the Annex II list in future Section 232 actions (such as the proposed Section 232 tariff on patented pharmaceuticals) but will provide no new market access for now. The reciprocal tariff rate is applied in addition to the prevailing MFN duty rate. All Section 232 tariffs also remain in effect, which replace the 19% reciprocal tariff for covered products.

In exchange, Cambodia has agreed to eliminate applied MFN duty rates on all US-origin goods set forth in Schedule 1 of Annex I upon entry into force of the UC-ART. Of the 11,414 HTS codes listed in the schedule, Cambodia will eliminate its MFN tariffs for US imports immediately upon entry into force of the agreement for 9,712 HTS codes. Cambodia's MFN tariffs are generally 7%, 15%, or 35%, with the highest tariff rate applying to alcohol, tobacco, vehicles, wood products, and several consumer products. The other 1,702 HTS codes are already tariff free under Cambodia's MFN commitments. Cambodia has also committed not to impose TRQs on US imports unless both parties agree otherwise.

As with the US-Malaysia ART, the accompanying joint statement on the UC-ART notes that "the United States may positively consider the effect that the Agreement has on national security, including taking the Agreement into consideration when taking trade action under section 232[.]"

Rules of origin

The UC-ART does not introduce any significant rules of origin or transshipment-related policies. However, it clarifies that Cambodia may adopt any necessary measures to implement and manage rules of origin should the agreement's benefits accrue "substantially to third countries or third-country nationals."

Non-tariff commitments made by Cambodia

The UC-ART includes various commitments on non-tariff measures, digital services trade, specific trade concerns, and economic security cooperation.

- **General market access commitments:** The agreement includes sections covering obligations regarding import licensing, technical standards, SPS standards, intellectual property protections, services access, good regulatory practices, trade facilitation, SOE disciplines, and source code protection. Many of the commitments simply reaffirm existing WTO commitments and are unlikely to provide new rights. Cambodia has also agreed to join the WTO Joint Initiative on Services Domestic Regulation.

- **Specific trade concerns:** Although the general market access commitments in UC-ART may not confer additional market access rights, Annex III provides various targeted commitments by Cambodia to address longstanding market access concerns raised by US companies in USTR's annual NTE Reports. The commitments include accepting US-manufactured vehicles that meet US motor vehicle safety and emissions standards; simplifying product requirements for cosmetics, pharmaceuticals, and medical devices; and addressing non-tariff barriers affecting US food and agricultural products in its market, including acceptance of currently agreed certificates issued by US regulatory authorities, simplification of halal and facility registration requirements to facilitate the import of US food and agricultural products, and adoption of US regionalization measures for animal disease management.

- **Digital trade commitments:** The UC-ART includes several significant digital trade commitments, which are priorities for the US technology and services industries. Cambodia has committed to supporting the adoption of the permanent moratorium on customs duties on electronic transmissions at the WTO, to refrain from implementing a DST, to avoid discriminating against US digital services, and to facilitate cross-border data flows.

The agreement also includes commitments to resolving several specific trade concerns regarding approval requirements for low-risk telecommunications equipment and to “not introduce a digital competition regime in Cambodia that unreasonably or unjustifiably restricts U.S. commerce.”

- **GIs:** Cambodia has agreed not to apply GIs to a list of food terms provided in Annex II of the agreement. The list closely mirrors those that USTR has previously requested other countries to exempt from GI protections, which was developed in response to efforts by the EU to include GIs in its free trade agreements.
- **Forced labor import prohibition:** The UC-ART includes a commitment by Cambodia to “adopt and implement a prohibition on the importation of goods mined, produced, or manufactured wholly or in part by forced or compulsory labor.” Unlike Malaysia’s version of this commitment, the UC-ART text does not require Cambodia to implement the law on any specific schedule.
- **Environment:** Cambodia commits to upholding high standards of environmental protection and to effectively enforcing its environmental laws. This includes taking measures to combat illegal logging, regulate fisheries subsidies, address IUU fishing, and prevent the illegal wildlife trade.
- **Tax commitments:** The UC-ART includes several tax and tariff policy-related commitments that have not featured in previous trade agreements. Cambodia commits to consult about border measures on third country imports the United States may adopt in the future and to not adopt VATs that may discriminate against US companies. Cambodia also agreed to not to initiate or support any WTO dispute settlement proceedings against measures adopted by the United States to rebate or exempt direct taxes on exports.
- **Alignment with US economic security policies:** Similar to Malaysia, Cambodia has made broad commitments to cooperating with US economic security policies and related trade restrictions. However, Cambodia’s commitments are not as rigorous as those for Malaysia.

  Article 5.1 of the UC-ART commits Cambodia to potentially adopt measures with similar restrictive effect as US national security-based tariffs under certain circumstances (which is likely referencing Section 232 tariffs); at a request by the United States, consider measures to prevent companies from third countries from operating in Cambodia in a way that competes unfairly with US companies or that allows them to export to the United States at below-market prices (which is likely referencing trade remedies circumvention and transnational subsidies); and to consider adopting measures “to encourage shipbuilding and shipping by market economy countries (which is likely a reference to the US Section 301 fees on Chinese-built or operated vessels).

  Article 5.2 then commits Cambodia to cooperate with US export controls (including unilateral controls) and US sanctions programs, as well as sharing information at US request about inbound investments. In this section, the United States notes that it will take Cambodia’s cooperation into account in administrating its own export control and investment review laws.
- **Law enforcement cooperation:** Annex III also includes commitments by Cambodia to cooperate with US deportation authorities and to coordinate law enforcement efforts to counter scam centers operating in Cambodia.[56]

Entry into force

The US-Cambodia ART will enter into force once each party notifies the other in writing that it has completed the necessary internal domestic procedures. The agreement will enter into force on the date the last notification is received. The Trump administration is treating the agreement as an executive agreement and will implement the US

[56] Shortly before finalizing the UC-ART, US and UK authorities announced sanctions, asset seizures, and criminal indictments targeting cybercrime networks in Cambodia. The US Treasury announcement is accessible here: https://home.treasury.gov/news/press-releases/sb0278.

tariff commitments through executive branch action. US CBP is expected to issue additional guidance and filing instructions for importers under the revised tariff schedules.

Lifting the US arms embargo

Alongside the trade deal, the Department of State Directorate of Defense Trade Controls (DDTC) announced it has lifted the US arms embargo on Cambodia. The DDTC will now review applications for licenses to export items controlled under the International Traffic in Arms Regulations (ITAR) on a case-by-case basis. The government will issue regulatory amendments to remove Cambodia from the list of countries under ITAR Section 126.1 soon. The Bureau of Industry and Security (BIS) has not yet announced changes to Cambodia's Country Group D:5 listing.

Negotiations with other Southeast Asian countries continue

Alongside the Malaysia and Cambodia agreements, the Trump administration issued joint statements summarizing prospective agreements with Thailand[57] and Vietnam.[58] The joint statements outline general policy commitments that resemble the commitments in the Malaysia and Cambodia ART texts, but with little detail. As with Malaysia, the Trump administration also signed a critical minerals cooperation MOU[59] and a currency management understanding[60] with Thailand.

The United States has not provided any recent updates regarding the status of trade deals with Indonesia and the Philippines. On July 22, President Trump announced preliminary trade deals with both countries, establishing a 19% reciprocal tariff rate. Since that announcement, however, there has been little additional information released about either agreement. No announcements were made during President Trump's ASEAN summit meetings.

[57] The US-Thailand joint statement is accessible here: https://www.whitehouse.gov/briefings-statements/2025/10/joint-statement-on-a-framework-for-a-united-states-thailand-agreement-on-reciprocal-trade/; and a US factsheet about the prospective agreement is accessible here: https://ustr.gov/about/policy-offices/press-office/fact-sheets/2025/october/fact-sheet-united-states-and-thailand-reach-framework-agreement-reciprocal-trade.

[58] The US-Vietnam joint statement is accessible here: https://www.whitehouse.gov/briefings-statements/2025/10/joint-statement-on-united-states-vietnam-framework-for-an-agreement-on-reciprocal-fair-and-balanced-trade/; and a US factsheet about the prospective agreement is accessible here: https://ustr.gov/about/policy-offices/press-office/fact-sheets/2025/october/fact-sheet-united-states-and-viet-nam-reach-framework-agreement-reciprocal-fair-and-balanced-trade.

[59] US-Thailand critical minerals MOU, accessible here: https://www.whitehouse.gov/briefings-statements/2025/10/memorandum-of-understanding-between-the-government-of-the-united-states-of-america-and-the-government-of-the-kingdom-of-thailand-concerning-cooperation-to-diversify-global-critical-minerals-supply-cha/.

[60] Statement of the US Department of the Treasury and the Bank of Thailand, accessible here: https://home.treasury.gov/news/press-releases/sb0295.

CPTPP

Canada Launches Process to Ratify UK's Accession to CPTPP

Canada's Minister for International Trade has tabled legislation before the Parliament of Canada to implement the Protocol on the Accession of the United Kingdom of Great Britain and Northern Ireland to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The bill, designated as Bill C-13, received its first reading in the House of Commons on October 21, 2025.[61]

This legislative initiative follows a meeting between the Prime Minister of the United Kingdom, Kier Starmer, and the Prime Minister of Canada, Mark Carney, held in Ottawa on June 15, 2025, during which Canada undertook to ratify the United Kingdom's accession to the CPTPP. As part of the ratification process, the legislation will be subject to parliamentary debate, and relevant House Committees will examine the anticipated benefits and costs of the United Kingdom's accession for Canada.

Upon ratification, the CPTPP will enter into force between Canada and the United Kingdom 60 days thereafter. At present, UK traders benefit from preferential tariff treatment with the following CPTPP member countries: Australia; Brunei; Chile; Japan; Malaysia; New Zealand; Peru; Singapore; and Vietnam. Mexico is also in the process of completing its domestic ratification procedures to facilitate the United Kingdom's accession to the CPTPP.

RCEP

RCEP Parties Hold 5th RCEP Summit to Discuss Implementation and Accession Procedures

On October 27, 2025, leaders and senior officials from all Regional Comprehensive Economic Partnership (RCEP) member states, along with ASEAN Secretary-General Kao Kim Hourn, convened in Kuala Lumpur for the 5th RCEP Summit. During the summit, the leaders reaffirmed their commitment to the rules and principles of the WTO as the cornerstone of an open, transparent, fair, and rules-based multilateral trading system. They emphasized the importance of ensuring predictability and non-discrimination in trade for all partners and called for ambitious WTO reforms to better serve the interests of all members.

The discussions underscored RCEP's crucial role in advancing regional economic integration and resilience amid ongoing global uncertainties. The leaders pledged to fully and effectively implement the RCEP, aiming to maintain open, rules-based markets and eliminate unnecessary trade barriers. They reiterated their commitment to refrain from adopting measures inconsistent with their obligations under the RCEP.

To keep the RCEP relevant and responsive to both regional and global challenges, the leaders directed ministers and officials to intensify efforts in key areas. These include enhancing RCEP implementation, facilitating the accession of new applicants, and advancing the economic cooperation agenda, particularly for less developed economies. Regarding accession, the leaders agreed to expedite the process for new applicants while upholding the agreement's standards. To date, Chile (September 2024), Hong Kong (January 2022), and Sri Lanka (June 2023) have formally expressed interest in joining the RCEP.

Additionally, the leaders highlighted the need for an effective RCEP Secretariat and welcomed the establishment of the RCEP Support Unit (RSU), which began operations in June 2024 at the ASEAN Secretariat compound in Jakarta, with Mr. Taufiq Wargadalam serving as its first executive director. The parties also agreed to initiate preparations for the General Review of the RCEP, scheduled for 2027, which will address emerging global issues and evolving private sector needs to ensure the agreement remains flexible and adaptive to rapid changes in global trade.

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[61] *See*, "An Act to implement the Protocol on the Accession of the United Kingdom of Great Britain and Northern Ireland to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership," Bill C-13, 1st Sess, 45th Parl, 2025 (Canada), accessible here: https://www.parl.ca/DocumentViewer/en/45-1/bill/C-13/first-reading.

Petitions & Investigations

Antidumping and Countervailing Duty Proceedings Delayed During Government Shutdown

On October 1, 2025, funding appropriations for the US government expired after the Senate failed to approve a budget continuing resolution. Government functions deemed non-essential ceased operation, while government employees in essential functions will continue working. For the duration of the shutdown, the US International Trade Commission (ITC) and the US Department of Commerce (Commerce) will suspend trade remedy proceedings and furlough relevant staff. US Customs and Border Protection (CBP), including the Trade Remedies Branch, will remain operational during the shutdown and continue to carry out tariff collection and enforcement.

Commerce's International Trade Administration

Commerce's funding lapse plan directs the department to cease operations related to "most services and activities of the … International Trade Administration."[62] As with the prior shutdown in 2018-2019, Commerce will likely toll all deadlines in trade remedy proceedings (except for deadlines for submission of request for administrative review). A message posted to ACCESS, ITA's trade remedies document system, states that the website is not currently being updated, but that interested parties should continue submitting pending documents on their due dates, but can take an additional 10 days if needed:

> To interested parties, for all pending submissions, please submit them by the current due date. If you need additional time, you may have an extension of 10 days for questionnaire responses, without submitting a request for an extension of the deadline. For questionnaire responses that are due before the government re-opens, if there are questions where you require clarification, please submit answers to all other questions according to the timeline above and separately submit clarification questions by the same deadlines. For all other submissions, you may have an extension of 10 days, without submitting a request for an extension of the deadline, and if the government continues to be closed when your submission is due (including the extension), please submit your response within two business days of the government reopening. The schedule for the submission of rebuttal case briefs will be set by the case team after the government re-opens. For any additional extensions beyond this guidance, please contact the case team once the government re-opens. The submission of factual information to rebut, clarify, or correct factual information contained in questionnaire responses, in accordance with 19 CFR 351.301(c)(v), will activate after the questionnaire response is available in ACCESS after the government reopens.[63]

After the government reopens, the case teams will set new investigation schedules where needed. In the 2018-2019 shutdown, Commerce uniformly tolled all deadlines by 40 days (the duration of that shutdown) and placed a memorandum to that effect onto the record of all active proceedings.

The Commerce shutdown plan notes that should Commerce-related proceedings continue at the Court of International Trade and/or the Court of Appeals for the Federal Circuit – which themselves remain fully operational[64] – relevant "ITA personnel may be recalled as necessary to provide litigation support for cases that cannot be suspended."

Elsewhere at ITA, the steel and aluminum import monitoring and licensing systems and the Data Privacy Framework Program remained active. ITA may also retain certain employees who are involved in President Trump's trade deal negotiations.

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[62] "Plan for Orderly Shutdown Due to Lapse of Congressional Appropriations," Department of Commerce, September 29, 2025, accessible here: https://www.commerce.gov/sites/default/files/2025-09/DOC-Lapse-Plan-2025.pdf.

[63] See the statement on ACCESS for more information and updates, accessible here: https://access.trade.gov/login.aspx.

[64] See the CIT statement here: https://www.cit.uscourts.gov/news/notice-regarding-court-operations; and CAFC statement here: https://www.cafc.uscourts.gov/notice-regarding-operations-during-lapse-in-federal-appropriations/.

US International Trade Commission

The ITC posted a statement to its website on October 1 announcing the agency has ceased all regular operations.[65] ITC's trade remedy injury investigations, Section 337 intellectual property protection proceedings, and Section 201 safeguards investigations will pause. The Electronic Document Information System (EDIS, the filing system used for injury investigations) will remain accessible so that parties may search and access documents, but new document filing is disabled for the duration of the shutdown. Hearings and other ITC meetings will be rescheduled once regular operations resume. As with ITA, any active litigation to which ITC is a party will continue.

[65] "Due to the current lapse in appropriations, the USITC has ceased regular operations.," ITC, October 1, 2025, accessible here: https://www.usitc.gov/press_room/2025_lapse_of_appropriations; and "U.S. International Trade Commission Contingency Plan for an Orderly Shutdown of Operations in the Absence of Appropriations," ITC, September 24, 2025, accessible here: https://www.usitc.gov/documents/usitc_fy_2026_lapse_plan.pdf.