

US & Multilateral Trade and Policy Developments

Japan External Trade Organization

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Trade Policy Developments

US Congress Advances Bills to Renew Africa and Haiti Trade Preference Programs

On December 10, 2025, the US House of Representatives Committee on Ways and Means approved proposed bills to renew the African Growth and Opportunity (AGOA) Act and the Haitian Hemispheric Opportunity through Partnership Encouragement Act (HOPE) / Haiti Economic Lift Program (HELP) trade preference programs for three years. The preference programs expired on September 30, 2025. Both extension bills enjoyed widespread bipartisan support in committee. The AGOA bill passed committee 37-3 and the HOPE/HELP bill passed 41-0.¹ Despite that level of support, prospects for the legislation remain uncertain.

The approved bills are clean extensions and do not include any of the various trade preference program reform proposals Congress has debated in recent years. Representatives stated they intend to use the additional three years to negotiate a reform plan. The Ways and Means Committee did not consider any proposals to renew the Generalized System of Preferences (GSP), which expired on December 31, 2020 and has also been subject to lengthy reform debates.

The preference programs exempt covered products from US Column 1 most-favored nation (MFN) tariffs. However, the Trump administration's Section 232 and International Economic Emergency Powers Act (IEEPA) tariffs still apply. Most African countries are subject to IEEPA reciprocal tariffs of either 10% or 15%, while South Africa faces a 30% reciprocal tariff. Haiti is subject to a 10% reciprocal tariff. An effort by Democrat representatives to add a provision to the AGOA extension bill to suspend the IEEPA reciprocal tariffs for beneficiary countries was rejected by Republicans in a 23-17 vote.

AGOA renewal

The "AGOA Extension Act"² would provide a clean extension of AGOA from September 30, 2025 to December 31, 2028. The extension would apply retroactively, allowing any importer who filed an entry between September 30, 2025, and the date of enactment of the bill for a product that would have qualified for preferential treatment to request a refund of tariffs paid.

HOPE/HELP renewal

The "Haiti Economic Lift Program Extension Act"³ would provide a clean extension of the HOPE/HELP preferences for Haitian textile and apparel products from September 30, 2025 to December 31, 2028. The bill also includes a technical update to the HTSUS codes covered by the preferences, accounting for changes in the US tariff code. The extension would apply retroactively, allowing any importer who filed an entry between September 30, 2025, and the date of enactment of the bill for a product that would have qualified for preferential treatment to request a refund of tariffs paid.

Prospects for successful renewal and the Trump administration

The bills will next proceed to floor votes in the full House, which are not yet scheduled. The Senate has not taken any action on the measures, and it is unclear whether there is sufficient support in the Senate for passage. While some Senators have introduced bills to renew preference programs this year,⁴ no action has occurred. The Senate Finance Committee has not announced any plans to consider the proposals. If there is sufficient support in both chambers,

¹ "Ways and Means Advances America's Strategic Interests in Africa and Haiti, Expands Medicare Coverage, Fights Fraud, Strengthens Taxpayer Rights," December 10, 2025, accessible here: <https://republicans-waysandmeansforms.house.gov/news/email/show.aspx?ID=P5VQNAXLJ6Q6RRTFMHJ5U2R3HU>.

² H.R.6500 - AGOA Extension Act, 119th Congress (2025-2026), accessible here: <https://www.congress.gov/bill/119th-congress/house-bill/6500>.

³ H.R.6504 - Haiti Economic Lift Program Extension Act, 119th Congress (2025-2026), accessible here: <https://www.congress.gov/bill/119th-congress/house-bill/6504>.

⁴ See, for example, a bill introduced by Senator John Kennedy (R-LA) that would extend AGOA for two years, S.2958 - AGOA Extension and Bilateral Engagement Act of 2025, 119th Congress (2025-2026), accessible here: <https://www.congress.gov/bill/119th-congress/senate-bill/2958>.

Congress' budget appropriations process may provide a quick opportunity to pass the renewals. Congress will have to approve a series of major budget appropriations bills in January 2026 to keep the government open past January 30, which could provide a vehicle for quickly passing the trade preferences extensions into law.

In the past few years, members of Congress have debated proposals to reform the eligibility requirements and domestic content thresholds in US trade preference programs, both for AGOA and for GSP. Democrats have sought stronger labor and environmental standards for the eligibility criteria, while China-hawks in both parties have proposed conditions that would require reduced engagement with China by beneficiary countries. Democrats have also sought to link renewal of Trade Adjustment Assistance (TAA), which expired in 2022, to the renewal of the preference programs, a move opposed by Republicans. Members of Congress also want to strengthen eligibility requirements related to reciprocal market access. House Ways and Means Committee members believe the three-year renewal will provide more space for the reform negotiations.

The Trump administration has only endorsed proposals for shorter, one-year extensions, making it unclear whether President Trump would approve the House's three-year extension. In Senate Appropriations Committee testimony on December 9, Ambassador Jamieson Greer reiterated that the administration would support a one-year clean authorization. He also echoed recent calls by members of Congress for reform to US trade preference programs, stating that the one-year clean extension should be used to "work together to find out how to improve it and make it better, rather than just being kind of a giveaway."⁵ The Trump administration has also indicated an interest in suspending South Africa as a beneficiary country, but this issue is not addressed in the House bill.

United States Initiates Annual Special 301 Review of Intellectual Property Protection

On December 11, 2025, the Office of the United States Trade Representative (USTR) published a notice in the *Federal Register* requesting public comments to support the preparation of the 2026 Special 301 Review.⁶ According to the notice, USTR will accept public comments until January 28, 2026, and submissions from foreign governments until February 11, 2026. A public hearing is scheduled for February 18, 2026. USTR intends to publish the 2026 Special 301 Report on or about April 30, 2026.

The Special 301 Review assesses the quality and effectiveness of US trade partners' enforcement of intellectual property (IP) rights. Based on this review, countries may be placed into two categories: (i) a "Watch List," comprised of countries in which particular problems allegedly exist with IP protection, enforcement, or market access for persons relying on IP rights; and (ii) a "Priority Watch List," comprised of countries that allegedly present the most significant concerns and are therefore the focus of "increased bilateral attention."

Public comments and hearing

Comments may be submitted via the Federal eRulemaking Portal at *Regulations.gov* under docket number USTR-2025-0243. The deadline for public submissions is January 28, 2026, while foreign governments have until February 11, 2026.

According to USTR, comments should include specific references to "laws, regulations, policy statements, including innovation policies, executive, presidential, or other orders, and administrative, court, or other determinations that should factor into the review." For those recommending countries for review, submissions should include "data, loss estimates, and other information regarding the economic impact on the United States, U.S. industry, and the U.S. workforce caused by the denial of adequate and effective intellectual property protection."

⁵ "A Review of the Activities and Fiscal Year 2026 Funding Priorities of the Office of the United States Trade Representative," Senate Committee on Appropriations, December 9, 2025, accessible here: <https://www.appropriations.senate.gov/hearings/a-review-of-the-activities-and-fiscal-year-2026-funding-priorities-of-the-office-of-the-united-states-trade-representative>.

⁶ "Request for Comments and Notice of a Public Hearing Regarding the 2026 Special 301 Review," 90 FR 575190 (December 11, 2025), accessible here: <https://www.federalregister.gov/documents/2025/12/11/2025-22571/request-for-comments-and-notice-of-a-public-hearing-regarding-the-2026-special-301-review>.

As part of the review process, USTR will hold a public hearing on February 18, 2026, where members of the public and foreign governments can give testimony. Notices of intent to appear at the hearing should be submitted by January 28, 2026 for the public, and by February 11, 2026 for foreign governments. Following the hearing, participants may submit post-hearing written comments until February 25, 2026.

The 2025 Special 301 Report

USTR identified 26 trade partners in the 2025 Special 301 Report:⁷

Watch List	Priority Watch List
<ul style="list-style-type: none">AlgeriaBarbadosBelarusBoliviaBrazilBulgariaCanadaColombiaEcuadorEgyptGuatemalaPakistanParaguayPeruThailandTrinidad and TobagoTurkeyVietnam	<ul style="list-style-type: none">ArgentinaChileChinaIndiaIndonesiaMexicoRussiaVenezuela

Notable developments in the 2025 report include:

- Mexico was elevated to the Priority Watch List due to its failure to fulfill IP regulation and enforcement obligations under the United States-Mexico-Canada Agreement (USMCA).
- Ongoing concerns over China's slow pace of reform in areas such as technology transfer, trade secrets, counterfeiting, online piracy, copyright law, patent and related policies, bad faith trademarks, and geographical indications (GI).
- Turkmenistan was removed from the Watch List.
- Japan, while not on the Watch List, was highlighted due to concern over an apparent lack of sufficient opportunities for the private sector to provide public comments on Japan's medical pricing and reimbursement rules.

The Trump administration's interests in IP protection

The Trump administration has elevated IP protection policy as part of its reciprocal trade negotiations and recent Section 301 actions. As a result, US IP rights holders and Trump administration officials may use this year's report to inform negotiating priorities in 2026.

Agreements on reciprocal trade (ART)

Recent framework agreements on reciprocal trade have included commitments to IP practices, covering both general policy reforms and agreements to resolve specific IP rights concerns. For example, the November 13, 2025 joint statement with Argentina on a potential ART specifically references the Special 301 reports, stating that "Argentina has also committed to address structural challenges cited in the Office of the United States Trade Representative's

⁷ "2025 Special 301 Report," USTR, accessible here: [https://ustr.gov/sites/default/files/files/Issue_Areas/Enforcement/2025%20Special%20301%20Report%20\(final\).pdf](https://ustr.gov/sites/default/files/files/Issue_Areas/Enforcement/2025%20Special%20301%20Report%20(final).pdf).

2025 Special 301 report, including patentability criteria, patent backlog, and geographical indications[.]”⁸ The Trump administration will likely continue to pursue commitments to IP protection and enforcement in future agreements.

Brazil Section 301 investigation

On July 18, 2025, USTR initiated a Section 301 investigation into a wide variety of alleged practices by the government of Brazil, including underenforcement of IP rights, along with practices related to digital trade and electronic payment services, tariffs, ethanol market access, intellectual property protection, anti-corruption enforcement, and deforestation.⁹ The initiation notice highlights concerns with widespread trade of counterfeit media, specific markets known for trade of counterfeit products, and slow approvals of patents. The allegations raised by USTR in the initiation notice are sourced from the 2025 Special 301 Report and the latest Review of Notorious Markets for Counterfeiting and Piracy. In the 2025 Special 301 Report, USTR identified concerns over “widespread importation, distribution, sale, and use of counterfeit goods, modified gaming consoles, illicit streaming devices, and other circumvention devices in Brazil,” while the Rua 25 de Março street markets allegations were featured in the 2024 Notorious Markets List.

This was the first Section 301 investigation initiated under the current Trump administration. It may point to an emerging strategy of initiating Section 301 investigations to target a broad array of foreign practices as justification for tariffs, which may become especially important to the Trump administration if the Supreme Court finds that the IEEPA reciprocal tariffs are unlawful.

Notorious Markets List

Another parallel, annual report, the Review of Notorious Markets for Counterfeiting and Piracy, was initiated on August 18, 2025.¹⁰ This report seeks information on online and physical markets that engage in substantial copyright and trademark infringement. The 2025 Notorious Markets List will place special emphasis on copyright piracy related to sports broadcasts.

United States Passes Annual Defense Authorization Law, Including New Investment and Trade Security Rules

On December 18, 2025, President Trump signed the National Defense Authorization Act (NDAA) for Fiscal Year 2026 into law, after the bill passed both chambers of Congress in early December with broad bipartisan support.¹¹ The annual defense authorization bill includes notable trade and investment measures that restrict Chinese biotechnology companies in the United States, expand the new outbound investment screening system and its restrictions, and restrict defense procurements of a wide variety of technologies from certain countries and foreign

⁸ “Joint Statement on Framework for a United States-Argentina Agreement on Reciprocal Trade and Investment,” White House, November 13, 2025, accessible here: <https://www.whitehouse.gov/briefings-statements/2025/11/joint-statement-on-framework-for-a-united-states-argentina-agreement-on-reciprocal-trade-and-investment/>.

⁹ “Initiation of Section 301 Investigation: Brazil’s Acts, Policies, and Practices Related to Digital Trade and Electronic Payment Services; Unfair, Preferential Tariffs; Anti-Corruption Enforcement; Intellectual Property Protection; Ethanol Market Access; and Illegal Deforestation; Hearing; and Request for Public Comments,” 90 FR 40134 (August 18, 2025), accessible here: <https://www.federalregister.gov/documents/2025/07/18/2025-13498/initiation-of-section-301-investigation-brazils-acts-policies-and-practices-related-to-digital-trade>.

¹⁰ “2025 Review of Notorious Markets for Counterfeiting and Piracy: Comment Request,” 90 FR 40134 (August 18, 2025), accessible here: <https://www.federalregister.gov/documents/2025/08/18/2025-15675/2025-review-of-notorious-markets-for-counterfeiting-and-piracy-comment-request>.

¹¹ S.1071 - National Defense Authorization Act for Fiscal Year 2026, 119th Congress (2025-2026), accessible here: <https://www.congress.gov/bill/119th-congress/senate-bill/1071>; and “Statement By The President,” December 18, 2025, accessible here: <https://www.whitehouse.gov/briefings-statements/2025/12/statement-by-the-president-7598/>.

entities of concern.¹² Most of the provisions primarily seek to restrict trade and investment involving China and China-linked entities, challenging the Trump administration's recent efforts to de-escalate from the trade war.

Other notable trade and investment policy measures, including the GAIN AI Act, which would have significantly expanded advanced semiconductor export controls; a bill to impose new limits on foreign investment in US agriculture; and a bill to create a new strategy to combat illegal, unreported, and unregulated (IUU) fishing and forced labor in the fishing industry, were removed from the final version of the bill, after being included in earlier versions.

The NDAA is an annual bill that Congress must pass to authorize the Department of Defense to spend appropriated funds. The bill's status as "must-pass" legislation incentivizes members of Congress to attach other bills to it as amendments. In recent years, NDAAAs have often contained trade, procurement, technology, and investment-related economic security measures. That trend of intensified bipartisan support for introducing new economic security policies through the NDAA has intensified with the 2026 version of the act, with measures that go beyond narrow defense procurement restrictions. Beyond the trade and investment security actions summarized in this Alert, the 2026 NDAA also establishes notable new security and risk-management requirements for artificial intelligence-related activities and broadens national security oversight of US energy and infrastructure projects.

BIOSECURE Act

The BIOSECURE Act¹³ is a bipartisan proposal to prohibit the US government, US government contractors, and other organizations that receive US government funding from procuring biotechnology equipment or services from certain biotechnology companies linked to China and other listed foreign adversaries. The bill has been circulating in Congress since 2023 in various forms, often coming close to passing into law. The latest version of the bill was among the amendments the Senate passed with its version of the 2026 NDAA on October 9, 2025. The final 2026 NDAA incorporates the Senate's version with a few small modifications.

The BIOSECURE Act would prohibit the US government from procuring equipment or participating in contracts involving certain "biotechnology companies of concern" through two prohibitions:

- Executive branch agencies would be barred from procuring or obtaining "any biotechnology equipment or service produced or provided by a biotechnology company of concern;" and
- Such agencies would be prohibited from entering into new contracts or extending existing contracts with any entity if the entity, "uses biotechnology equipment or services produced or provided by a biotechnology company of concern" acquired after the effective date "in performance of the contract with the executive agency"; or knows or has reason to believe performance of the contract will require the use of biotechnology equipment or services produced or provided by a biotechnology company of concern and acquired after the effective date of the prohibition.

The BIOSECURE Act also prohibits executive branch agencies from obligating or expending loan or grant funds to any recipient to "procure, obtain, or use any biotechnology equipment or services produced or provided by a biotechnology company of concern," or enter into a new contract or extend an existing contract with any entity covered by the contracting prohibition. Loan and grant recipients are similarly bound by these prohibitions.

The version of the BIOSECURE Act adopted through the Senate amendment is mostly identical to the version the House approved in the 2023-2024 term. The 2026 NDAA amendment version incorporates similar flexibilities to what the House had added, including a longer implementation timeline for existing contracts, a safe harbor for legacy equipment, and a notice and refutation opportunity for suspect companies. In addition to those changes, the 2026

¹² The BIOSECURE Act and outbound investment restrictions laws in 2026 NDAA were also candidates for inclusion in the 2025 NDAA during the 2023-2024 legislative session. Congress withdrew these measures from the text of the 2025 NDAA during intensive last-minute negotiations in December 2024.

¹³ Section 851, "Prohibition on contracting with certain biotechnology providers."

NDAA amendment version removes the direct designation of BGI, MGI, Complete Genomics, WuXi AppTec, and WuXi Biologics as Biotechnology Companies of Concern. Instead, it designates any companies that are on the Department of Defense list of Chinese Military Companies (Section 1260H of the 2021 NDAA). The 2025 Chinese Military Companies list includes BGI (and MGI, which is a BGI subsidiary), but does not include Complete Genomics or WuXi (recent media reports suggest the Department of Defense has decided to add WuXi to the list in the 2026 update).

Restrictions on certain investments in China, Chinese entities, and other countries of concern

The NDAA includes a new, three-part law restricting investment in certain entities linked to China and other countries of concern, titled the “Comprehensive Outbound Investment National Security Act Of 2025.”¹⁴ The act includes (i) a measure encouraging the executive branch to impose financial sanctions on certain entities; (ii) a measure expanding the US outbound investment control system to apply restrictions and notification requirements to more types of technologies and countries; and (iii) a measure that increases scrutiny on certain stock market listings. Taken together, the measures reflect a growing political focus on targeting national security risks in flows of capital, instead of just contracts and corporate control.

The provisions are based on a bipartisan proposal from the 2023-2024 Congress, titled the “Foreign Investment Guardrails to Help Thwart (FIGHT) China Act” in the Senate and the “Comprehensive Outbound Investment National Security (COINS) Act” in the House of Representatives. These bills sought to find a compromise position between members of Congress interested in limiting US investment in China, but who disagreed on the specific legal approach and priorities. The final NDAA text reflects these ongoing discussions by combining proposals to broaden the OISP framework, introduce entity-specific sanctions, and scrutinize stock market listings.

- **Imposition of sanctions:** The first section of the act directs the president to consider imposing certain sanctions on certain covered foreign persons to prevent US persons from investing in or lending money to them. Covered foreign persons are foreign persons with certain links to China, Hong Kong, and Macau, as well as their subsidiaries, which are “knowingly engaged in significant operations in the defense and related materiel sector or the surveillance technology sector.” The act also instructs the president to consider whether any companies listed on the Office of Foreign Assets Control’s (OFAC) Non-SDN Chinese Military-Industrial Complex Companies (NS-CMIC) List should be designated as covered foreign persons. The act does not create any new sanctions authorities, and the described sanctions actions are not mandatory, granting the president significant discretion over how to implement the proposed actions.
- **Expanding the Outbound Investment Security Program (OISP):** The second section of the act builds on the OISP, which was established in 2023 by the Biden administration under executive branch authorities.¹⁵ The law expands the current prohibitions and reporting requirements for US outbound investments in certain technology sectors, amending and codifying the current OISP regulations. Broadly, the new outbound investment security policy prohibits or require reporting of certain “covered transactions” (such as acquisitions, debt financing, joint ventures, and any other equity interests or convertible debts) by US persons involving “Covered Foreign Persons” (which are associated with “Countries of Concern”) that are involved in certain “prohibited” and “notifiable” technologies. The 2026 NDAA’s provisions will make several notable expansions of the OISP upon implementation through executive branch rulemaking, including:
 - Expanding the definition of Country of Concern from only China (including Hong Kong and Macau) to also include Cuba, Iran, North Korea, Russia, and Venezuela under the Maduro regime (though these new jurisdictions are already subject to US sanctions).

¹⁴ Title LXXXV — “Comprehensive Outbound Investment National Security Act of 2025,” Sections 8501 – 8521.

¹⁵ For more information, see the US Department of the Treasury Outbound Investment Security Program webpage, accessible here: <https://home.treasury.gov/policy-issues/international/outbound-investment-program>.

- Expanding the scope of technologies covered in the notification and prohibition rules to include advanced semiconductors, AI systems, quantum technology, high-performance computing and supercomputing, and hypersonic systems. The original system only covered certain types of advanced semiconductors, quantum technologies, and AI systems. Though the bill significantly expands the types of technologies covered under the OISP, it delegates the specific technical parameters of what will be treated as “prohibited” and “notifiable” to the regulators.
- Modifying the definitions of “Covered Foreign Persons” and the list of excepted transactions, adding new potential types of covered persons and new options of excepting transactions.
- Directing the Department of the Treasury to provide confidential feedback and advice to help parties navigate compliance and encouraging the Department of the Treasury to create a public database of Covered Foreign Persons engaged in prohibited and notifiable technologies.

□ **Securities trading restrictions:** The third section of the act directs the president to consider whether certain foreign persons should be added to OFAC’s NS-CMIC list. The foreign persons subject to the review are China-linked persons on (i) the Military End-User List, (ii) the Department of Defense list of Chinese Military Companies, (iii) the Department of Commerce Entity List, (iv) the Federal Communications Commission Covered List, (v) the Uyghur Forced Labor Prevention Act (UFLPA) Entity List. US persons are prohibited from dealing in publicly traded securities of entities on the NS-CMIC list. The president is required to submit an annual report to Congress on the decisions.

CFIUS expansions

Congress considered two expansions of Committee on Foreign Investment in the United States (CFIUS) activities in the 2026 NDAA, one relating to expanding reviews of real estate transactions located near national security sensitive sites and another relating to reviews and investment prohibitions of foreign investment in agricultural land. The final 2026 NDAA includes the national security sensitive sites provision but not the agricultural land provision.

The national security sensitive sites provision¹⁶ amends the laws governing CFIUS’ powers to review certain real estate transactions to include clearer authorities to review transactions involving real estate near national security sensitive sites. The amendment instructs the government to create a list of military installations and other sensitive facilities and update the list regularly. Real estate transactions involving property near listed sites would be subject to CFIUS review. In 2024, CFIUS revised its regulations to expand its review of real estate transactions near sensitive sites.¹⁷ Supporters of the bill contend that the 2026 NDAA’s new requirements will make the system more thorough and effective.

Defense procurement restrictions

The House and Senate versions of the bill both included a variety of rules to eliminate defense acquisitions of certain specific technologies and services linked to certain entities and countries. Most of these proposals are included in the final, reconciled version of the law. The definitions of covered countries and entities vary between the rules, but generally implicate China, China-linked entities, other countries of concern or foreign entities of concern, and companies listed on the Department of Defense list of Chinese Military Companies. The law includes measures that will:

□ Restrict defense acquisitions of seafood from certain foreign countries.

¹⁶ Section 8102, “Review of and reporting on national security sensitive sites for purposes of reviews of real estate transactions by the committee on foreign investment in the United States.”

¹⁷ Treasury Issues Final Rule Expanding CFIUS Coverage of Real Estate Transactions Around More Than 60 Military Installations, Treasury, November 1, 2024, accessible here: <https://home.treasury.gov/news/press-releases/jy2708>.

- Eliminate defense acquisitions of optical glass and optical systems from certain countries of concern by 2030.
- Eliminate defense acquisitions of computer displays from certain countries of concern by 2030.
- End concessions agreements with retailers controlled by countries of concern.
- Require defense acquisitions to gradually eliminate foreign entities of concern from advanced batteries supply chains, beginning in 2028.
- Restrict defense acquisitions of molybdenum, gallium, and germanium from certain covered countries.
- Prohibit acquisitions of solar photovoltaic cells, modules, and inverters manufactured by foreign entities of concern.
- Eliminate defense procurements of additive manufacturing machines from certain foreign entities.
- Phase out defense acquisitions of computers and printers supplied by certain Chinese entities.
- Prohibit the intelligence community from contracting with entities on the Department of Defense list of Chinese Military Companies that are engaged in biotechnology research, development, and manufacturing (in addition to the BIOSECURE Act's government-wide prohibitions).

These provisions generally instruct the Department of Defense to prepare strategies and regulations to implement the restrictions, which would likely involve rulemaking procedures to amend the Defense Federal Acquisition Regulation Supplement (DFARS).

Expanding the Department of Defense list of Chinese Military Companies list

The law includes two measures that seek to broaden the scope of the Department of Defense list of Chinese Military Companies, which could expand the impact of the various procurement restrictions that rely on its listings. One action in the bill will expand the list to include direct and indirect subsidiaries, affiliates, and agents, whether operating inside or outside of China, of the Chinese armed forces and other state-linked security services.¹⁸ Another section would encourage the Secretary of Defense to consider adding Chinese entities to the Chinese Military Companies List if they have been added to other US restriction lists.¹⁹

Significant US Trade Actions Implemented on January 1, 2026; Wood Section 232 Tariff Increases Delayed

Several US trade actions took place on the first day of 2026, including increased Section 301 tariffs on imports from China; the next public applications rounds for the Section 232 inclusions processes for steel derivative products, aluminum derivative products, and automotive parts; modified quota volumes for beef imports; and a one-year extension of certain agricultural tariff exceptions for Israel.²⁰ President Trump delayed the January 1, 2026 Section 232 tariff increases for wood furniture and cabinets to January 1, 2027.

¹⁸ Section 1262, "Preventing Circumvention by Chinese Military Companies in Third-Part Countries."

¹⁹ Section 1263. "Inclusion on List of Chinese Military Companies of Entities Added to Certain Other Lists."

²⁰ In addition to the January 1 tariff actions described in this alert, the United States also imposed a new 0% tariff – which is scheduled to increase to 10% in 2027 and 15% in 2028 – on all imports from Nicaragua (see, "Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights and Fundamental Freedoms, and the Rule of Law," 90 FR 57807 (December 12, 2025), accessible here: <https://federalregister.gov/d/2025-22690>; and "Notice of Implementation of Action: Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights and Fundamental Freedoms, and the Rule of Law," accessible here: <https://federalregister.gov/d/2025-23892>); and implemented new import restrictions on certain fish and fish products from 46 countries that have failed to obtain comparability findings under the Marine Mammal Protection Act (see the NOAA Fisheries website at "Seafood Import Prohibitions under the Marine Mammal Protection Act Import Provisions" for more information on the program and links to relevant documents, accessible here: <https://www.fisheries.noaa.gov/foreign/marine-mammal-protection/seafood-import-prohibitions-under-marine-mammal-protection-act>).

China Section 301 tariff increases

New and increased Section 301 tariffs on certain imports from China entered into effect automatically on January 1, 2026. The Biden administration scheduled the tariff increases as part of the four-year review of the Section 301 action in 2024.²¹

The table below summarizes the tariff changes that apply to products of China entered for consumption, or withdrawn from warehouse for consumption, on or after January 1, 2026.

Product group	New Section 301 tariff rate	Application date	Previous Section 301 tariff rate
Disposable textile facemasks (second tariff increase)	50%	January 1, 2026	25%
Surgical and non-surgical respirators and facemasks (second tariff increase)	50%	January 1, 2026	25%
Enteral syringes (exempted from tariffs in 2024 and 2025)	100%	January 1, 2026	None
Lithium-ion non-electrical vehicle batteries	25%	January 1, 2026	7.5%
Rubber medical and surgical gloves (second tariff increase)	100%	January 1, 2026	50%
Permanent magnets	25%	January 1, 2026	None
Natural graphite	25%	January 1, 2026	None

Wood products Section 232 tariff increase is delayed by one year

On October 14, 2025, the Trump administration implemented Section 232 tariffs on softwood timber and lumber products, upholstered wooden furniture products (furniture), and completed kitchen cabinets and vanities and their parts (cabinets).²² The action initially implemented a 10% tariff on softwood timber and lumber, a 25% tariff on furniture, and a 25% tariff on cabinets. The order also directed that on January 1, 2026, the furniture tariff would increase from 25% to 30% and the cabinet tariff would increase from 25% to 50%.

²¹ "Notice of Modification: China's Acts, Policies and Practices Related to Technology Transfer, Intellectual Property and Innovation," 89 FR 76581 (September 18, 2024), accessible here: <https://www.federalregister.gov/documents/2024/09/18/2024-21217/notice-of-modification-chinas-acts-policies-and-practices-related-to-technology-transfer>; and "Notice of Modification: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation," 89 FR 101682 (December 16, 2024), accessible here: <https://www.federalregister.gov/documents/2024/12/16/2024-29462/notice-of-modification-chinas-acts-policies-and-practices-related-to-technology-transfer>.

²² Presidential 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>; and CSMS # 66492057 - GUIDANCE: Section 232 Import Duties on Timber, Lumber, and their Derivative Products, October 10, 2025, accessible here: <https://content.govdelivery.com/accounts/USDHSCBP/bulletins/3f69699>.

On December 31, 2025 (a few hours before the tariff increase had been scheduled to enter into effect), President Trump signed a proclamation to delay the scheduled tariff increase for one year.²³ The December 31 proclamation amends the October 14 proclamation to change the date of entry into effect for the tariff increase from January 1, 2026 to January 1, 2027. It does not make any other changes. The proclamation states the delay “will result in more productive negotiations of agreements to address the threatened impairment to the national security,” but provides no further details on the decision. The original tariff rates that entered effect on October 14, 2025 remain in effect.

Next scheduled Section 232 tariff inclusions application rounds

January 1, 2026 marks the opening of the third application round for the steel and aluminum derivatives products Section 232 tariffs inclusions process²⁴ and the second round of the automotive parts Section 232 tariff inclusions process.²⁵ However, though the International Trade Administration (ITA) issued formal notice announcing the automotive parts inclusions application window opened according to schedule, the Bureau of Industry and Security (BIS) has not issued any announcements relating to the steel and aluminum derivatives products inclusions application window. In past application rounds, BIS has issued *Federal Register* Notices to announce the opening of the application rounds. The application round may be delayed. The previous steel and aluminum derivatives products inclusions round, which BIS had scheduled to begin on September 1, 2025, was also slightly delayed.²⁶

The inclusions process provides a two-week application window (in this latest round, January 1, 2026 to January 14, 2026) for domestic manufacturers to submit applications to the BIS and the ITA to request the addition of products to the Section 232 tariffs. After the applications window is closed, BIS and ITA will post the applications for a two-week public comment period on regulations.gov dockets before making final decisions on the applications.

Despite beginning the next inclusion process application rounds, BIS and ITA are still finalizing their decisions on applications submitted in the previous rounds. According to the interim regulations for the inclusions processes, BIS should have finalized its decisions on the steel and aluminum inclusions applications by around November 28, 2025, and ITA should have finalized its decisions on the automotive parts inclusions applications by around December 15, 2025. The agencies have not announced new target dates for completion of the decisions.

Changes to the US beef tariff-rate quota volume

On December 30, 2025, the United States Trade Representative (USTR) issued revisions to the United States’ 2026 in-quota volume allocations for the tariff-rate quota (TRQ) on beef imports.²⁷ These changes (i) introduce a new country-specific quota of 13,000 metric tons (mt) for imports from the United Kingdom (UK) and (ii) reduce the “other countries and areas” volume allocation by an equivalent amount, from 65,005 mt to 52,005 mt.

As a result, countries exporting beef to the United States under the “other countries and areas” TRQ have lost 13,000 mt from their in-quota level, subjecting more of their exports to the United States’ higher, out-of-quota tariffs. In recent

²³ Presidential Proclamation of December 31, 2025: “Amendments to Adjusting Imports of Timber, Lumber, and their Derivative Products into the United States,” accessible here: <https://www.whitehouse.gov/presidential-actions/2025/12/amendments-to-adjusting-imports-of-timber-lumber-and-their-derivative-products-into-the-united-states/>; and Fact Sheet: “President Donald J. Trump Adjusts Imports of Timber, Lumber, and Their Derivative Products into the United States,” White House, December 31, 2025, accessible here: <https://www.whitehouse.gov/fact-sheets/2025/12/fact-sheet-president-donald-j-trump-adjusts-imports-of-timber-lumber-and-their-derivative-products-into-the-united-states/>.

²⁴ For more information, see Docket ID BIS-2025-0023, Adoption and Procedures of the Section 232 Steel and Aluminum Tariff Inclusions Process, accessible here: <https://www.regulations.gov/docket/BIS-2025-0023>.

²⁵ “Opening of the Inclusions Window for the Section 232 Automobile Parts Tariff Inclusions Process,” 90 FR 58230 (December 16, 2025), accessible here: <https://federalregister.gov/d/2025-22845>.

²⁶ “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>.

²⁷ “Modification of the Allocation of the WTO Tariff-Rate Quota Volumes for Beef,” 90 FR 61497 (December 31, 2025), accessible here: <https://federalregister.gov/d/2025-24120>; and “Quota Bulletin 26-201 2026 Beef,” CBP, accessible here: <https://www.cbp.gov/trade/quota/bulletins/qb-26-201-2026>.

years, Brazil has been the largest user of the “other countries and areas” quota, competing with Ireland, Japan, Namibia, the UK, France, and the Netherlands. The current 65,005 mt annual volume is typically filled by the second quarter.

USTR’s action implements the US beef market access concessions agreed to in President Trump’s UK trade deal.²⁸ Notably, Argentina’s quota allocation remains unchanged, despite earlier indications that President Trump would grant Argentina improved beef market access as part of the country’s preliminary trade deal.²⁹

One-year extension of US-Israel agriculture market access commitments

On December 29, 2025, President Trump issued a presidential proclamation implementing a standard one-year extension to certain agricultural market access concessions under the 2004 United States-Israel Agreement Concerning Certain Aspects of Trade in Agricultural Products (ATAP).³⁰ The 2004 ATAP is the second of two temporary agricultural market access agreements negotiated between the United States and Isreal to supplement the United States-Israel Free Trade Agreement. The 2004 ATAP expired at the end of 2008, but the US and Israeli governments have kept it in force through annual one-year extensions ever since. The latest action will extend the 2004 ATAP from December 31, 2025 to December 31, 2026.

In 2026, the Trump administration intends to finalize a permanent ATAP with Isreal that would further improve US access to the Israeli agricultural market. Securing additional market access concessions from Israel has been a longstanding US objective for the permanent replacement to the 2004 ATAP. According to USTR, under the 2004 ATAP, “the United States provides Israel with duty-free access to 90 percent of agricultural tariff lines, while Israel provides the United States with duty-free access to only 72 percent of agricultural tariff lines.” The December 29 presidential proclamation states that the United States and Isreal agreed to make the ATAP permanent in an arrangement finalized on December 1, 2025. However, the US government has not yet published any further details about this December 1 arrangement, and the permanent ATAP appears to be incomplete.

According to Israeli reports, the permanent ATAP would commit Isreal to implement new tariff reductions for US products, such as beef, poultry, lamb, dairy, eggs, oils, juice, and various fresh and frozen fruits and vegetables. Some of these tariff reductions would take effect immediately in 2026, while other changes would be phased in through 2035. The Israeli government reportedly views the conclusion of a permanent ATAP as a step toward finalizing a broader reciprocal trade agreement with the Trump administration. Imports from Israel are currently subject to a 15% IEEPA reciprocal tariff rate or any applicable Section 232 tariffs, despite the US-Isreal FTA and the close relationship between President Trump and Prime Minister Netanyahu.

²⁸ “General Terms for the United States of America and the United Kingdom of Great Britain and Northern Ireland Economic Prosperity Deal,” accessible here: https://ustr.gov/sites/default/files/files/Press/fs/US%20UK%20EPD_050825_FINAL%20rev%20v2.pdf.

²⁹ “Joint Statement on Framework for a United States-Argentina Agreement on Reciprocal Trade and Investment,” White House, November 13, 2025, accessible here: <https://www.whitehouse.gov/briefings-statements/2025/11/joint-statement-on-framework-for-a-united-states-argentina-agreement-on-reciprocal-trade-and-investment/>; and X (Twitter) post of the Office of the Argentine President, November 14, 2025, accessible here: <https://x.com/OPRArgentina/status/1989120756450750562> (in Spanish).

³⁰ Presidential Proclamation 10875 of December 20, 2024: “To Implement the United States-Israel Agreement on Trade in Agricultural Products and for Other Purposes,” 89 FR 105333, accessible here: <https://www.federalregister.gov/documents/2024/12/27/2024-31353/to-implement-the-united-states-israel-agreement-on-trade-in-agricultural-products-and-for-other>. In addition to the extension of the Isreal agreement, Annex II of the proclamation includes technical corrections to several other tariff orders.

Trade Actions

Section 301

USTR Announces Section 301 Tariff Action Against Nicaragua for Labor and Human Rights Abuses

On December 10, 2025, the Office of the United States Trade Representative (USTR) announced new tariff measures following its Section 301 investigation into Nicaragua's "acts, policies, and practices related to labor rights, human rights and fundamental freedoms, and the rule of law." USTR determined in the investigation that the identified actions are "unreasonable and burden or restrict" US commerce.³¹ As a result, USTR will impose a 10% tariff on all goods imported from Nicaragua beginning on January 1, 2027, increasing to 15% on January 1, 2028. These tariffs will apply unless the goods qualify for preferential treatment under the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR). This action follows the publication of the investigation report on October 20, 2025, which included a proposal for the tariff action for public comment.³²

The Section 301 investigation

USTR initiated the Section 301 investigation on December 10, 2024, at the end of the Biden administration, initiating a public comment period and a hearing in January 2025 to gather input.³³ The initiation notice raised concerns about Nicaragua's labor rights abuses, human rights violations, and the erosion of the rule of law. Under Section 301, "unreasonable acts" that "burden or restrict" US "commerce" include "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."

Though Section 301 covers forced labor, child labor, and other labor rights violations as "unreasonable acts," this is the first time USTR has pursued a Section 301 investigation related to these issues. Additionally, the investigation extends to broader concerns, including alleged violations of religious freedom and failures in upholding the rule of law. The investigation report suggests USTR may now consider any "unfair and inequitable" practice as actionable under Section 301, even without a direct connection to US rights or commerce, indicating a potential expansion of the statute's application.

³¹ "USTR Section 301 Action on Nicaragua's Acts, Policies, and Practices Relating to Labor Rights, Human Rights and Fundamental Freedoms, and the Rule of Law," USTR, December 10, 2025, accessible here: <https://ustr.gov/about/policy-offices/press-office/press-releases/2025/december/ustr-section-301-action-nicaraguas-acts-policies-and-practices-relating-labor-rights-human-rights>; and "Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights and Fundamental Freedoms, and the Rule of Law," 90 FR 57807 (December 12, 2025), accessible here: <https://federalregister.gov/d/2025-22690>. USTR issued the implementing orders for the tariff in a second Federal Register Notice, which is scheduled to publish on December 29, 2025, at "Notice of Implementation of Action: Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights and Fundamental Freedoms, and the Rule of Law," accessible here: <https://federalregister.gov/d/2025-23892>.

³² "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>; and "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>.

³³ 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 U.S. 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.

Final tariff action

USTR has imposed a 15% tariff, phased in over two years, on all US goods imports from Nicaragua. However, products that qualify as originating goods of Nicaragua under CAFTA-DR, as defined in general note 29 to the HTSUS (which describes the rules of origin for CAFTA-DR) are exempt from the tariff.

Phase-in period:

- January 1, 2026: 0% (The tariff regime enters into effect and importers would have to file entries using the applicable Chapter 99 tariff codes, but no tariff will be assessed.)
- January 1, 2027: 10%
- January 1, 2028: 15%

All three stages of the tariff phase-in are implemented by the December 29 Notice of Implementation of Action and will enter into effect automatically on the specified dates.

The Section 301 tariff stacks with all other applicable tariffs, including any tariffs imposed by the Trump administration under the International Emergency Economic Powers Act (IEEPA) and Section 232 sectoral tariffs. Nicaragua is currently subject to an 18% IEEPA reciprocal tariff, as well as all active Section 232 tariff actions.

The original proposed tariff actions

The final tariff is significantly lower, more limited in scope, and will be implemented more gradually than what USTR originally proposed in October. The original proposal considered suspending CAFTA-DR benefits for Nicaragua and imposing tariffs of up to 100% on some or all Nicaraguan goods, with the possibility of immediate implementation or a 12-month phase-in period. This approach faced significant resistance from the US business community, especially US textile companies and cigar manufacturers. Nicaragua is a key manufacturing hub for US apparel under the CAFTA-DR yarn forward rules and is a significant for US cigar producers. Coffee, furniture, medical devices, beef,

cacao, cassava, cut flowers, rice, and seafood businesses also objected to the tariffs, seeking exceptions for their sectors.

Trade profile and affected products

The majority of US imports from Nicaragua are apparel (t-shirts, blouses, and sweaters), insulated wires for vehicles, gold, tobacco, beef, coffee, and seafood. In 2024, the United States imported \$4.64 billion worth of goods from Nicaragua.³⁴ Of this total, \$3.31 billion entered under CAFTA-DR preferences, while \$1.33 billion entered without claiming any special tariff rates. The Section 301 tariff would apply to \$1.33 billion of non-CAFTA-DR imports, unless the importers are able to obtain CAFTA-DR treatment for those products. Many imports use MFN rates, which are generally low or zero, to avoid the compliance burden of CAFTA-DR, even if they would qualify under the trade agreement.

Goods entered from Nicaragua without claiming CAFTA-DR status are predominantly gold, coffee, seafood, and apparel products (beef, tobacco, and insulated wires for vehicles typically enter under CAFTA-DR). Gold, coffee, and seafood products are tariff-free under MFN and may be able to qualify for CAFTA-DR origin, as they may meet the “wholly obtained” standard. Apparel products imported under MFN are likely not fulfilling CAFTA-DR’s yarn-forward rule and therefore cannot qualify for preferential treatment. As a result, apparel products that do not qualify under CAFTA-DR are expected to be the primary Nicaraguan export sector affected by the new Section 301 tariff. These apparel exports represented approximately \$0.47 billion of the \$4.64 billion in US imported from Nicaragua in 2024.

Currently, insulated wires for vehicles may be subject to the 25% automotive and heavy truck Section 232 tariffs, depending on their use case. Tobacco, seafood, and apparel are subject to the 18% IEEPA reciprocal tariff, while gold, coffee, and beef are listed in Annex II of the IEEPA tariff exclusions, exempting them from the Trump administration’s current tariffs.

USTR Issues Semiconductor Section 301 Action and Delays Any Tariffs to 2027

On December 23, 2025, the United States Trade Representative (USTR) issued the Notice of Action for the Section 301 investigation on “China’s Acts, Policies, and Practices Related to Targeting of the Semiconductor Industry for Dominance” (Notice of Action).³⁵ USTR determined in its investigation that China’s acts, policies, and practices are actionable under Section 301. Even so, USTR has decided not to take any immediate action. Instead, the Notice of Action states that USTR plans to increase the current Section 301 tariff on China-origin semiconductors and semiconductor-related materials by an undetermined amount in 18 months, on June 23, 2027. The Notice of Action identifies the products that would be within the scope of the future tariff increase and states that USTR will issue a new notice to impose the tariff increase at least 30 days before June 23, 2027. There are no measures in the Notice of Action that would target mature-node semiconductors specifically, target China-headquartered foundries specifically, or target China-origin semiconductors embedded in downstream products.

Effective on the day of its issuance, the Notice of Action adds a note to the current Section 301 tariff instructions in the Harmonized Tariff Schedule of the United States (HTSUS) stating that USTR will increase the relevant tariff rates on June 23, 2027. USTR describes this interim HTSUS note as imposing a “tariff level of 0 percent” for the next 18 months, but it has no practical effect on import procedures.

³⁴ All data from USITC DataWeb, accessed December 12, 2025, using imports for consumption, 2024.

³⁵ “China’s Acts, Policies, and Practices Related to Targeting of the Semiconductor Industry for Dominance,” 90 FR 60848 (dated December 29, 2025, but circulated on December 23), accessible here: <https://www.federalregister.gov/documents/2025/12/29/2025-23912/notice-of-action-chinas-acts-policies-and-practices-related-to-targeting-of-the-semiconductor>. December 23, 2025 was the 12-month deadline for the investigation determination and determination of action.

The Section 301 investigation

USTR initiated the Section 301 investigation on December 23, 2024, at the end of the Biden administration, opening a public comment period and scheduling a public hearing in March 2025 to gather input.³⁶ The initiation notice raised concerns about alleged efforts by China “to dominate domestic and global markets in the semiconductor industry,” claiming that China, “undertakes extensive anticompetitive and non-market means, including setting and pursuing market share targets, to achieve indigenization and self-sufficiency,” leading to “detrimental impacts on the United States and other economies, undermining the competitiveness of American industry and workers, critical U.S. supply chains, and U.S. economic security.”

As explained in the initiation notice, USTR’s original intent with the investigation was to target two specific sections of the semiconductor ecosystem: (i) Chinese-manufactured mature-node semiconductors (also known as “foundational” or “legacy” semiconductors) and downstream products that may contain them; and (ii) Chinese-manufactured silicon carbide substrates and wafers used in semiconductor manufacturing. At the time, media reports and comments by senior Biden administration officials suggested the United States was considering import restrictions on downstream products that contain Chinese-manufactured semiconductors, potentially including products manufactured in third countries.

This interest in measures targeted at supply chains relying on China-linked mature-node semiconductors specifically was driven by a belief that the economics and security concerns in the mature-node sector are fundamentally different than concerns surrounding advanced-node semiconductors (which the United States has sought to control with export controls instead of tariffs). Shortly before the Section 301 investigation began, the Bureau of Industry and Security (BIS) published a report describing challenges associated with mature-node semiconductors and China-based foundries.³⁷ The report found that companies selling electronics that use mature-node semiconductors are often unaware of their supply sources, that most of the examined products contain mature-node semiconductors from China-based foundries, and that rapidly increasing foundry capacity in China may weaken the competitiveness of US foundries. The Biden administration cited the results of the BIS report in justifying the need for the Section 301 investigation.

Investigation determination

The Notice of Action is the first public statement on the investigation since the March 2025 public hearings. USTR has not released the Section 301 investigation report, though the Notice of Action includes a summary.

According to the Notice of Action, the investigation found that “China’s targeting of the semiconductor industry for dominance is unreasonable and burdens or restricts U.S. commerce and thus is actionable” under Section 301. The summary of the investigation report states that China’s “targeting of the semiconductor industry for dominance is unreasonable and burdens or restricts U.S. commerce,” due to its “massive and persistent state financial support,” market access restrictions, and policies that “displace foreign firms” from the semiconductor supply chain. The Chinese practices described in the report summary reflect longstanding US concerns with China’s industrial policy practices.

The Notice of Action does not explain why USTR has delayed the tariff action by 18 months, but the decision is likely related to the one-year trade war de-escalation agreement that President Trump and President Xi Jinping announced in November 2025. It also does not explain why USTR has moved away from its original interests in targeting mature-

³⁶ Information about the semiconductor Section 301 investigation, including the public comments and hearing transcripts, is available on USTR’s website, accessible here: <https://ustr.gov/trade-topics/enforcement/section-301-investigations/section-301-chinas-targeting-semiconductor-industry-dominance>.

³⁷ “Public Report on the Use of Mature-Node Semiconductors,” Bureau of Industry and Security, December 6, 2024, accessible here: <https://www.bis.gov/media/documents/public-report-use-mature-node-semiconductors-december-2024>.

node semiconductors, foundries headquartered in China and supported by the Chinese government, and China-origin semiconductors embedded in downstream products.

Unusually, USTR has not conducted a public notice and comment period for the final action, preventing interested parties from commenting on the results and asking for clarification on USTR's changed strategy. It also did not issue a press release alongside the Notice of Action, which would typically offer further political context for its decisions.

Current Section 301 tariffs on Chinese semiconductors

Semiconductors and various related products of Chinese origin are already subject to Section 301 tariffs under the Section 301 investigation of "China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation," which was initiated under President Trump's first term in office in 2017.³⁸ In 2024, as part of the Section 301 action's four-year review, the Biden administration ordered the tariffs on semiconductors and related products to be increased to 50% on January 1, 2025.³⁹

The list of products affected by the Biden administration's January 1, 2025 tariff increase are provided in Subdivision (f) of US note 31 to subchapter III of HTSUS chapter 99 and entered with the special tariff code HTSUS 9903.91.05. The list includes silicon, wafers, diodes, transistors, semiconductors, integrated circuits, and their parts.

The new Section 301 semiconductor tariff action

The new Section 301 action described in the Notice of Action does not introduce a new tariff or any new import rules. Instead, the action amends the previous Section 301 action on semiconductors at Subdivision (f) of US note 31 to subchapter III of HTSUS chapter 99 to state that USTR will increase the tariff applied through HTSUS 9903.91.05 on June 23, 2027.

Covered products

The Notice of Action lists the HTSUS codes contained in the Subdivision (f) list, including silicon, wafers, diodes, transistors, semiconductors, integrated circuits, and their parts, as the products covered by the new action. There are no modifications to the list's scope.⁴⁰ All products classified in the listed HTSUS codes of China origin are covered by the action. The action does not target specific subsets of semiconductors, downstream products, or specific foundries.

Most US imports of Chinese-origin semiconductors come imbedded in downstream products, which are not within the scope. In 2024, the United States imported just US \$1.4 billion of the covered products from China. During the first nine months of 2025, imports under these tariff codes totaled only \$0.7 billion, suggesting the new tariffs imposed in early 2025 are already significantly reducing direct imports (comparing 2025 year-to-date data with an equivalent timespan from 2024, imports of the covered products have fallen by 34%).

Country of origin

The tariffs only apply to products classified in the covered HTSUS subheadings that originate in China. The tariffs will not apply to China-origin semiconductors that are assembled into downstream products, either of Chinese origin or originating in third countries.

³⁸ Further information about the 2017 Section 301 investigation is available on USTR's website, accessible here: <https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-china/investigation>.

³⁹ "Notice of Modification: China's Acts, Policies and Practices Related to Technology Transfer, Intellectual Property and Innovation," 89 FR 76581 (September 18, 2024), accessible here: <https://www.federalregister.gov/documents/2024/09/18/2024-21217/notice-of-modification-chinas-acts-policies-and-practices-related-to-technology-transfer>; and "Notice of Modification: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation," 89 FR 101682 (December 16, 2024), accessible here: <https://www.federalregister.gov/documents/2024/12/16/2024-29462/notice-of-modification-chinas-acts-policies-and-practices-related-to-technology-transfer>.

⁴⁰ Rubber surgical gloves classified in HTSUS 4015.12.10 are also on the Subdivision (f) list, but are scheduled to be moved to a new special tariff line (HTSUS 9903.91.08) on January 1, 2026 as part of the Biden administration's modifications to the previous Section 301 tariff action.

Implementation

The “0% tariff” enters effect immediately on December 23, 2025, but it will not have any effect on import procedures. The purpose of the “0% tariff” is likely to prevent the Section 301 action from expiring, preserving the legal power to increase tariffs in 2027. USTR will issue a separate notice at least 30 days before June 30, 2027 to implement the increased tariff rate.

In technical terms, the Annex of the Notice of Action implements the new Section 301 action on December 23, 2025 by amending a new note to Subdivision (f) of U.S. note 31 to subchapter III of HTSUS chapter 99, which states that “the additional rate of duty under heading 9903.91.05 shall be increased on June 23, 2027. The U.S. Trade Representative will announce the amount of the increase in a Federal Register notice that is issued at least 30 days prior to that date.” There are no other technical changes to the HTSUS.

Tariff stacking

The Notice of Action states that the new Section 301 tariff would be additive with the existing China Section 301 tariff. The tariff would also stack with the 10% China-specific International Emergency Economic Powers Act (IEEPA) tariff related to fentanyl trade, the 10% IEEPA reciprocal tariff applied to China, and any applicable Section 232 tariffs.

The Section 232 investigation of semiconductors continues

The Section 301 action is separate from the Trump administration’s Section 232 investigation into semiconductors, which is still ongoing. The Trump administration initiated the Section 232 investigation on April 1, 2025,⁴¹ and suggested that it intended to quickly move to impose tariffs on a broad range of semiconductors, semiconductor manufacturing equipment, and downstream products that contain semiconductors from all countries. Though the Trump administration quickly completed several of its other Section 232 investigations, imposing tariffs on copper, trucks and busses, and wood products, the semiconductors Section 232 investigation remains incomplete. Additionally, the Trump administration has pledged to limit the semiconductor Section 232 tariffs to no more than 15% for products from South Korea, Japan, the European Union, Switzerland, and Liechtenstein. A similar arrangement is reportedly under negotiation with Taiwan.

Section 232 of the Trade Expansion Act of 1962 includes specific mandatory timelines for completing investigations. The Department of Commerce has until December 27, 2025 to submit the investigation report to the president (at most 270 days from the investigation’s initiation), and the president then has until March 27, 2026 at the latest to decide on any action (90 days from receipt of the report). If the president decides to impose tariffs, the effective date for the tariffs could add up to another 15 days before the action enters into effect (April 11, 2026 at the latest). Alternatively, the president could direct that negotiations be undertaken to adjust imports, and that would buy a further 180 days, which would delay a decision on tariffs until September 2026 or later.

⁴¹ “Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Semiconductors and Semiconductor Manufacturing Equipment,” 90 FR 15950 (April 16, 2025), accessible here: <https://www.federalregister.gov/documents/2025/04/16/2025-06591/notice-of-request-for-public-comments-on-section-232-national-security-investigation-of-imports-of>.

Trade Agreements

United States Implements Tariff Reductions for Switzerland and Liechtenstein

On December 18, 2025, the Office of the United States Trade Representative (USTR) and the Department of Commerce's International Trade Administration (ITA) issued a Federal Register notice to implement certain tariff reductions from the November 14 reciprocal trade framework agreement with Switzerland and Liechtenstein.⁴²

The modifications (i) lower the reciprocal tariff rates implemented under the International Emergency Economic Powers Act (IEEPA) on Switzerland and Liechtenstein to 15% (or to only the Column 1 Most-Favored-Nation (MFN) rate, if that rate is higher than 15%) and (ii) grant new exceptions from the reciprocal tariffs imposed under IEEPA for gemstones, civil aircraft and aircraft parts, and certain generic pharmaceutical products. There are no changes to any of the active Section 232 tariffs, unlike the recent framework agreements with the European Union, United Kingdom, Japan, and South Korea.

The United States – Switzerland – Liechtenstein agreement

The US tariff modifications partially implement the framework agreement for a “United States – Switzerland – Liechtenstein Agreement on Fair, Balanced, and Reciprocal Trade,” which the three countries announced in a November 14, 2025 joint statement.⁴³ The framework agreement includes a reduction of the Trump administration’s IEEPA reciprocal tariffs, new IEEPA reciprocal tariff exceptions, and a pledged 15% cap on any potential future tariffs imposed under the pharmaceutical and semiconductor Section 232 investigations. In exchange, Switzerland and Liechtenstein have offered to reduce tariffs on certain non-sensitive food and agriculture products, support private investment in the United States, discuss increasing regulatory alignment (most notably in agriculture and digital services), and enhance cooperation on economic security interests.

The parties are seeking to complete the reciprocal trade agreement in the first quarter of 2026. The December 18 *Federal Register* notice threatens to reimpose the higher IEEPA tariffs if the final agreement is not completed by March 31, 2026. However, the tariff modifications in the notice do not include any automatic tariff changes on that date. Carrying out the threatened tariff increase on March 31 would require a new order from USTR and ITA.

Entry into effect

The tariff modifications are retroactive to the date the framework agreement was announced, applying to goods entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 am ET on November 14, 2025. US Customs and Border Protection’s (CBP) guidance instructs importers to seek refunds for any overpaid duties through the standard processes.

⁴² “Certain Tariff-Related Elements of the Framework for a United States - Switzerland - Liechtenstein Agreement on Fair, Balanced, and Reciprocal Trade,” 90 FR 59281 (December 18, 2025), accessible here: <https://www.federalregister.gov/documents/2025/12/18/2025-23316/implementing-certain-tariff-related-elements-of-the-framework-for-a-united>; and CSMS # 67133044 - Guidance – Implementation of Tariff-Related Elements of the Framework for a United States-Switzerland-Liechtenstein Agreement, December 17, 2025, accessible here: <https://content.govdelivery.com/accounts/USDHSCBP/bulletins/4005e74>.

⁴³ “Joint Statement on a Framework for a United States – Switzerland – Liechtenstein Agreement on Fair, Balanced, and Reciprocal Trade,” November 14, 2025, accessible here: <https://www.whitehouse.gov/briefings-statements/2025/11/joint-statement-on-a-framework-for-a-united-states-switzerland-liechtenstein-agreement-on-fair-balanced-and-reciprocal-trade/> (US version); and here: <https://www.wbf.admin.ch/en/joint-statement-en> (Swiss version). Further comments from the Trump administration can be found in the White House Fact Sheet, “The United States, Switzerland, and Liechtenstein Reach a Historic Trade Deal,” White House, November 14, 2025, accessible here: <https://www.whitehouse.gov/fact-sheets/2025/11/fact-sheet-the-united-states-switzerland-and-liechtenstein-reach-a-historic-trade-deal/>; further comments from Switzerland can be found on the State Secretariate for Economic Affairs’ website, accessible here: https://www.seco.admin.ch/seco/en/home/Aussenwirtschaftspolitik_Wirtschaftliche_Zusammenarbeit/Wirtschaftsbeziehungen/usa.html; and a statement by the government of Liechtenstein is accessible here: <https://www.liechtensteinusa.org/news/liechtenstein-united-states-and-switzerland-issue-joint-statement-on-trade>.

US tariff changes

IEEPA reciprocal tariff rate decrease

For products subject to the IEEPA reciprocal tariff rate, the United States will apply the higher of either (i) a 15% IEEPA tariff rate, or (ii) the MFN tariff rate. Since August, Switzerland has been subject to a 39% IEEPA reciprocal tariff (one of the highest in the world) and Liechtenstein has been subject to a 15% reciprocal tariff, which both stacked with applicable MFN tariffs.

New IEEPA reciprocal tariff exceptions

The notice provides three new sets of product exceptions from the IEEPA reciprocal tariffs for goods originating in Switzerland and Liechtenstein, described below. The exception lists are based on the Executive Order 14346 Annex III list of “potential tariff adjustments for aligned partners” (PTAAP), which has formed the basis of the bilateral tariff exceptions granted by the Trump administration in recent agreements. Despite the November 14 framework agreement stating that the Trump administration would “apply only the U.S. MFN tariff rate” to these products, the implemented exceptions only affect the IEEPA reciprocal tariffs. The notice does not alter the application of any applicable Section 232 tariffs.

- **Certain agricultural goods and natural resources unavailable in the United States (i.e., gemstones):** The new IEEPA tariff exception list (amended at subchapter III of HTSUS chapter 99, (xxiv)(b)), which the notice describes as applying to “certain agricultural products or unavailable natural resources,” includes 321 HTSUS codes related to precious metals, gemstones, live animals, fertilizer inputs, live plants and cuttings, natural rubber, various critical minerals, timber and lumber products, cork, and silk.

In practice, the new exception mostly affects gemstones. The United States imported \$0.5 billion of products classified under the HTSUS codes on the new exception list from Switzerland and Liechtenstein in 2024, most of which was gemstones and precious metals. However, the precious metals HTSUS codes are already exempt from the IEEPA tariffs under the IEEPA Annex II list. Of the total \$0.5 billion of imports on the new exceptions list, the trade value of the new exceptions is \$0.3 billion. This is comprised almost entirely of loose diamonds, rubies, sapphires, and emeralds.⁴⁴

- **Generic pharmaceuticals and their ingredients and chemical precursors:** The new exceptions for generic pharmaceuticals (amended at subchapter III of Chapter 99, (xxiv) (d)) is based on the PTAAP generic pharmaceuticals exception list. This exception applies specifically to articles “that are not patented in the United States for use in pharmaceutical applications, and are classifiable in the following provisions of the HTSUS[.]” In other documents, this exception has been described as applying to “generic pharmaceuticals.”

In 2024, the United States imported \$20.5 billion worth of merchandise under these HTSUS codes from Switzerland and Liechtenstein. However, of the 807 HTSUS codes on the list, 473 (worth \$20.4 billion in 2024 imports) are already fully exempt from the IEEPA tariffs under the IEEPA Annex II list. Most of the new \$0.1 billion in exceptions are enzymes, cyanides, and ketones (and would only qualify for the new exception if the specific article is “not patented in the United States for use in pharmaceutical applications”). Interestingly, 8 HTSUS codes from the PTAAP generic pharmaceuticals list were excluded from the Switzerland and Liechtenstein exclusions list. These 8 products, which appear to be related to the plastics industry, accounted for \$0.15 billion of 2024 imports.

- **Civil aircraft and parts (except unmanned aircraft):** Civil aircraft and aircraft parts, except for unmanned aircraft, originating in Switzerland and Liechtenstein are now exempt from the IEEPA reciprocal tariffs. The list of

⁴⁴ Of the 321 HTSUS codes on the new exceptions list, the United States only imported products classified within 64 from Switzerland and Liechtenstein in 2024. Of those 64 active codes, 22 represent new exceptions, while the rest are already on the Annex II exceptions list. In 2024, 99% of the import value under the 22 new, active HTSUS codes is classified within HTSUS Chapter 71, “Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof; imitation jewelry; coin.”

covered HTSUS codes (amended at HTSUS subchapter III of chapter 99, (xxiv) (c)) matches the PTAAP aircraft list, except that it does not include an exception for unmanned aircraft (HTSUS 8806). To claim the exception for a listed product, importers must certify on their entry summary that the imported product is a civil aircraft or is imported for use in a civil aircraft, in accordance with the standard rules in HTSUS General Note 6. Importantly, the exception does not apply to the Section 232 aluminum, steel, and copper tariffs, unlike previous civil aircraft exceptions granted to other trade partners.

The United States imported \$3.4 billion from Switzerland and Liechtenstein under these HTSUS codes in 2024, nearly all of which represent new tariff exceptions (only \$27 million of the listed products are classified withing HTSUS codes on the Annex II exceptions list).

The Trump administration has granted similar civil aircraft tariff exceptions to the EU, Japan, UK, and South Korea, but those arrangements also except the covered products from certain Section 232 tariffs (the 40% Brazil IEEPA tariff includes a similar aircraft exception). The list of covered HTSUS codes is similar between all the arrangements, except the UK and Brazil lists also include unmanned aircraft while the others do not. The Trump administration has not explained the reasons for the differences in product coverage or why Switzerland and Liechtenstein did not receive the Section 232 tariff exception.

Switzerland's tariff modifications

In exchange for the US tariff reductions, Switzerland is preparing to eliminate MFN tariffs on US-origin “agricultural products for which the reductions are compatible with Swiss agricultural policy,” such as seafood, tropical fruits, nuts, certain alcohols (whiskey, rum, liqueur, and beer), food preparations and dietary supplements, tobacco products, and coffee.⁴⁵ Switzerland will also provide preferential tariff rate quotas for 1,500 tons of US poultry, 500 tons of US beef, and 1,000 tons of US bison, which are more politically sensitive sectors in Switzerland. The Swiss tariff reductions will also apply retroactively to November 14.

USTR Publishes USMCA Negotiating Position as Joint Review Year Begins

On December 17, 2025, the Office of the United States Trade Representative (USTR), led by Ambassador Jamieson Greer, presented the Trump administration’s policy priorities for the 2026 Joint Review of the United States – Mexico – Canada Agreement (USMCA) to Congress.⁴⁶ The United States, Canada, and Mexico are expected to meet by July 2026 to discuss modifications to the agreement and to begin the process of reauthorizing the agreement for another 16-year term (without which, the agreement will expire in 2036). In the meetings with Congress and in documents published soon after, the Trump administration appeared to signal that it does not intend to withdraw from the USMCA. Even so, USTR still intends to seek significant bilateral concessions from Mexico and Canada and to seek significant changes to the overall agreement in exchange for President Trump’s endorsement of the USMCA’s continuation past 2036.

USMCA’s 2026 joint review and 16-year term extension

Article 34.7 of the USMCA⁴⁷ requires the parties to hold a “joint review” of the agreement six years after its entry into force, which is July 1, 2026. During the review the parties may submit recommendations for revisions to the agreement for the group’s consideration. Article 34.7 also establishes that the agreement expires in 2036 unless the

⁴⁵ For more information on Switzerland’s actions and links to the relevant legal documents, see “Reduction in US additional tariffs to enter into force retroactively,” Federal Department of Economic Affairs, Education and Research, December 10, 2025, accessible here: <https://www.wbf.admin.ch/en/news/L6leIAwrwS1PWKnVDNOY>.

⁴⁶ “Ambassador Greer Reported to Congress on the Operation of the United States-Mexico-Canada Agreement,” USTR, December 17, 2025, accessible here: <https://ustr.gov/about/policy-offices/press-office/press-releases/2025/december/ambassador-greer-reported-congress-operation-united-states-mexico-canada-agreement>.

⁴⁷ USMCA Article 34, accessible here: https://ustr.gov/sites/default/files/files/agreements/FTA/USMCA/Text/34_Final_Provisions.pdf.

parties confirm in writing that they wish to extend it for another 16 years.⁴⁸ The six-year review in 2026 is the first opportunity for the parties to notify that they approve or oppose renewal of the agreement in 2036. A notification that a party opposes the 2036 renewal would trigger further review meetings until the negotiators address the dissenting party's concerns; otherwise the USMCA will expire.

The exact procedure for conducting the review remains undecided, and there is no precedent to follow. The USMCA's text describes the review only in broad terms. If the parties decide to make amendments to the text of the agreement, Article 34.3 provides that the "amendment shall enter into force 60 days after the date on which the last Party has provided written notice to the other Parties of the approval of the amendment in accordance with its applicable legal procedures [...]."

US policy review and report

Separately from the procedures in the USMCA's text, USTR is required to conduct an internal policy review in late 2025 to develop the US position. The United States' USMCA Implementation Act⁴⁹ requires the president to fulfil certain consultation and reporting requirements on a specified timeline before participating in the formal USMCA Joint Review and pursuing any changes to the agreement. USTR is required to initiate public consultations on the review at least 270 days before the review.

Public consultations

Under these requirements, USTR issued a call for public input on September 17, 2025,⁵⁰ and held public hearings from December 3-5, 2025.⁵¹ Public engagement was significant, including 1,514 public comments and three days of public hearings with 150 stakeholders testifying. Most of the public feedback focused on defending the USMCA and the market access it provided, only calling for USTR to consider narrow potential improvements to the text.

Required report to Congress

After the public review and by January 2026, USTR must report to Congress outlining its plans for the Joint Review. This report would describe the actions the Trump administration recommends for the USMCA Joint Review and include a decision on whether the administration will confirm at the 2026 Joint Review that the United States intends to extend the USMCA beyond 2036. Despite that requirement, rather than submitting a detailed, public report to Congress as expected, Ambassador Greer instead held private meetings with the House Ways and Means and Senate Finance Committees about their USMCA plan. After the meetings, USTR published a copy of Ambassador Greer's opening statement to the committees for the public to view. USTR states in the "opening statement" that it does not intend to issue a full report.

Statement on the US negotiating plan

Though the "opening statement" document published by USTR is only a brief, high-level summary of the Trump administration's position, it still provides enough information to explain their broad negotiating objectives for the Joint Review. The document outlines specific bilateral trade policy concerns the United States wants to address with Canada and Mexico within the USMCA negotiations framework, and lays out the general, forward-looking concepts of how the Trump administration wants to reform the USMCA. The document also shows that the Trump administration

⁴⁸ The Article 34.7 review and extension system is separate from the standard treaty provisions granting a right to any party to withdraw with six months' notice, which is in Article 34.6.

⁴⁹ 19 USC 4611, Participation in joint reviews with Canada and Mexico regarding extension of the term of the USMCA and other action regarding the USMCA, accessible here: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title19-section4611&num=0&edition=prelim>.

⁵⁰ "Request for Public Comments and Notice of Public Hearing Relating to the Operation of the Agreement Between the United States of America, the United Mexican States, and Canada," 90 FR 44869 (September 17, 2025), accessible here: <https://www.federalregister.gov/documents/2025/09/17/2025-18010/request-for-public-comments-and-notice-of-public-hearing-relating-to-the-operation-of-the-agreement>. Comments submitted by the public to the docket are accessible here: <https://comments.ustr.gov/s/docket?docketNumber=USTR-2025-0004>.

⁵¹ See, "Public Hearing on the First Joint Review of the USMCA," December 1, 2025, for links to the hearing transcripts, accessible here: <https://ustr.gov/about/policy-offices/press-office/press-releases/2025/december/public-hearing-first-joint-review-usmca>.

does not intend to simply withdraw from USMCA. Instead, Ambassador Greer states that “USTR will keep the President’s options open, negotiating firmly to resolve the issues identified, but only recommending renewal if resolution can be achieved.” Though USTR intends to negotiate changes to the agreement, Ambassador Greer also acknowledges the broad support shown for the USMCA in the public review, stating that “witnesses at the hearing expressed support for the USMCA and preserving market access and non-discrimination in Canada and Mexico.”

Ambassador Greer’s “opening statement” divides the Trump administration’s policy interests into bilateral issues (which primarily concern US market access disputes with either Mexico or Canada) and multilateral issues (which affect the overall design of the USMCA). Ambassador Greer also divides the policy interests between “specific” and “structural” categories, which would likely follow differing negotiating paces.

- **Bilateral objectives with Canada:** “Market access for U.S. dairy products that Canada committed to provide under the USMCA and addressing Canada’s exports of certain dairy products; the impact of Canada’s Online Streaming and Online News Acts for U.S. digital service providers; Provincial bans on the distribution of U.S. alcohol beverages; discriminatory procurement measures in Ontario, Quebec, and British Columbia; complicated customs registration for Canadian recipients of U.S. exports; and Alberta’s unfair treatment of electrical power distribution providers in Montana.”
- **Bilateral objectives with Mexico:** “Mexican policies that promote the use of third-country content and erode U.S. supply chains; improvements to labor law enforcement, including by providing sanction authority to the Federal Center for Conciliation and Labor Registration; improvements to environmental law enforcement, including as relates to fisheries management, illegal fishing, and illegal wildlife trade; longstanding and also new concerns related to certain Mexican energy policies and practices; unfair granting of protection for numerous meat and cheese terms to the European Union, which threatens market access for U.S. producers; longstanding concerns with the methodology Mexico applies to calculate an annual spectrum use fee; equal treatment for U.S. electronic payment service suppliers so they can process domestic transactions using their own proprietary networks as Mexico committed to under the USMCA; restrictions on Mexican customs brokers that raise costs for U.S. exports crossing the border; and the impact of imports of Mexican seasonal produce on U.S. growers.”
- **Multilateral issues:** “Strengthening the rules of origin for non-automotive industrial goods to ensure that the benefits of trade in those products flows substantially to the Parties; enhancing economic security alignment on tariffs, export controls, and investment screening; developing mechanisms to penalize offshoring of U.S. production to Mexico or Canada as the result of regulatory and other arbitrages; developing a Critical Minerals Marketplace to incentivize more mining, processing, recycling, reuse, and manufacturing of critical minerals and derivatives products in the region; and improving implementation of both countries’ forced labor import bans.”

“Specific” versus “structural” issues

The “opening statement” divides the listed issues into “specific” and “structural” categories.” The “specific” issues appear to be narrow, bilateral trade concerns that would be relatively straightforward to resolve. Ambassador Greer mentions “Mexico’s ongoing challenges with labor law enforcement, including its failure to provide sanction authority to the Federal Center for Conciliation and Labor Registration, and budget shortfalls in Mexico’s electronic Single Window program to facilitate customs” as examples of these “specific” issues.

The “structural” issues are larger market access and investor protection issues that the Trump administration believes are reducing US competitiveness, encouraging offshoring, and causing the United States to run bilateral goods trade deficits with Mexico and Canada. This “structural” theme reflects the Trump administration’s belief that trade and investment barriers shape business competitiveness and drive bilateral trade balances. As a result, the “structural” policy objectives involve both reducing Canadian and Mexican barriers to US exports and investment and creating new trade and investment barriers to protect US businesses.

The “structural” category includes significant bilateral market access and investment disputes the United States has with Mexico and Canada. For Mexico, this includes the recent energy sector reforms that exclude US investment and investor-state dispute issues, such as the dispute over the Vulcan Materials gravel mine. For Canada, this includes the Online Streaming Act, other digital services regulations, and the dairy supply management system.

Other “structural” concerns are multilateral and would require significant changes to the design of the agreement and the level of market access it provides within North America. In a clear reference to concerns about Chinese companies investing in North America and participating in North American supply chains, Ambassador Greer states that the “USMCA was not really designed, and therefore has been unable, to address the surge of investment from companies domiciled in non-market economies in the region or the effects of industrial overcapacity on the three economies.” Most of the “multilateral” issues raised in the “opening statement” (such as increasing rules of origin thresholds, critical minerals nearshoring, and economic security policy alignment) would fit within this broader theme, which some Trump administration officials describe as seeking to create a “Fortress North America.”

The ongoing bilateral negotiations and planning the USMCA Joint Review

In his “opening statement,” Ambassador Greer also highlights that Canada and Mexico have already made progress to addressing many of the specific bilateral issues through separate, bilateral negotiations with the Trump administration. Those negotiations will continue in early 2026. Though these specific bilateral trade concerns would typically be addressed through USMCA-based discussions or dispute resolution procedures led by USTR, President Trump’s unilateral tariff actions (including Section 232 tariffs on major North American industries and the International Emergency Economic Powers Act tariffs on other imports from Canada and Mexico) imposed in early 2025 overtook the agenda. Informal, bilateral discussions in 2025 and early 2026 appear to be President Trump’s preferred method for resolving these bilateral and sectoral issues, taking political focus away from the 2026 Joint Review and taking policymaking influence away from USTR. Alongside the shift away from the USMCA and USTR’s leadership on specific trade issues, other non-trade policy concerns, such as drug trafficking, irregular migration, and NATO funding, have gained greater policy importance, moving the political focus further away from market access and investment discussions that USTR traditionally leads.

If the specific, bilateral concerns are resolved by early 2026 as part of the Trump administration’s bilateral reciprocal trade negotiations, then the USMCA negotiations are more likely to focus on the “structural issues” highlighted in Ambassador Greer’s “opening statement.” However, the slow progress of the bilateral negotiations, growing importance of non-trade interests in the negotiations, and USTR’s diminished role in guiding trade policy under the Trump administration will also challenge USTR’s plans for the Joint Review. Failure of the bilateral negotiations could cause the “specific” bilateral issues to be rolled into the USMCA Joint Review later in 2026, shifting USTR’s focus away from the “structural issues.” President Trump and other senior administration officials may also change their stance on the USTR Joint Review strategy outlined in the “opening statement” and the value of continuing US membership in the USMCA, further altering USTR’s plans.

RCEP

Singapore Customs Implements Electronic Data Exchange of Certificates of Origin with China under RCEP

Singapore Customs will extend the Electronic Origin Data Exchange System (EODES) to include Preferential Certificates of Origin (PCOs) issued under the Regional Comprehensive Economic Partnership (RCEP) for trade between Singapore and China, effective December 11, 2025. Announced in Circular No. 10/2025⁵² on December 5, this enhancement builds on the existing EODES framework, which has been operational since November 1, 2019,

⁵² Singapore Circular No. 10/2025, including FAQs, is accessible here: https://www.customs.gov.sg/files/news-and-media/Circular_10_2025_Ver_1_.pdf.

and already supports electronic PCO exchange under the ASEAN-China Free Trade Area (ACFTA), China-Singapore Free Trade Agreement (CSFTA), and the Certificate of Non-Manipulation (CNM).

With this expansion, Singapore-based companies importing from or exporting to China under RCEP can submit and receive PCOs electronically through EODES. China's General Administration of Customs (GACC) has implemented full electronic transmission of PCOs since May 1, 2020; companies are therefore advised to rely exclusively on EODES for preferential tariff claims. This upgrade is expected to streamline trade documentation, reduce processing times, and increase reliability of origin verification.

Exporters in Singapore will continue to obtain PCO approval via TradeNet. Once approved, exporters or their authorized declaring agents can retrieve the PCO through the Networked Trade Platform (NTP), review and adjust the information as needed, and transmit it electronically to China via EODES. The system supports real-time delivery, with approved PCOs typically available in the NTP within one hour.

Importers in Singapore will similarly benefit from the enhanced system. From December 11, 2025, they can retrieve e-PCOs issued by China through the NTP and use them to claim preferential tariff treatment for inbound shipments. To do so, importers must submit the e-PCO reference number and accompanying commercial and transport documents to Singapore Customs. The e-PCO may also be used to support applications for Back-to-Back PCOs under RCEP. Direct access to electronic documentation via NTP is designed to streamline verification, reduce administrative delays, and improve the accuracy and accessibility of origin data.

With this implementation, all PCOs issued under ACFTA, CSFTA, and RCEP are eligible for transmission via EODES. Amendments to an e-PCO are not permitted after transmission, and companies must cancel and re-apply if changes are necessary. Support for technical, procedural, and account-related matters is available through multiple channels, including Singapore's Customs Contact Centre, NTP live chat, and designated email addresses.

Petitions & Investigations

Regulations

Congress Considers Bill to Intensify Trade Remedies Evasion Investigations

On December 4, 2025, Representatives Mike Kelly (R-PA) and Chris Deluzio (D-PA) introduced a new bill to the House of Representatives that would allow US Customs and Border Protection (CBP) to self-initiate antidumping duty (ADD) and countervailing duty (CVD) evasion investigations, titled the “Strengthening Trade Enforcement and Evasion Limitations” (“STEEL”) Act.⁵³ Under Current law (19 U.S.C. 1517⁵⁴), CBP initiates investigations only in response to allegations filed by interested parties.

Measures proposed in the bill

The bill includes two amendments to the law governing CBP investigations of ADD and CVD duty evasion:

- Granting CBP authority to self-initiate an investigation if the Commissioner has information that reasonably suggests that imported merchandise subject to ADD and CVD orders has entered the United States through evasion.
- Instructing that “a person determined to have entered such covered merchandise through evasion may seek judicial review under this paragraph only if all liquidated duties, charges, or exactions have been paid at the time the judicial review is sought.”

Objectives and support

In the announcement of the bill, Reps. Kelly and Deluzio stated that the primary purpose of the bill is to increase protection of domestic steel and tube manufacturers from unfair trade practices.⁵⁵ The announcement features endorsements of the bill by the American Iron and Steel Institute, the Committee on Pipe and Tube Imports, and the US OCTG Manufacturers Association.

Support for the bill in the House is bipartisan, with Democrat and Republican members from Pennsylvania sponsoring the bill. It has been referred to the Committee on Ways and Means for consideration, of which Rep. Kelly is a member. No companion legislation has been introduced in the Senate to date.

Investigations

Commerce Issues Final Results of ADD Administrative Review for Non-Oriented Electrical Steel from Japan

On December 19, 2025, the Department of Commerce (Commerce) issued the final results of the 2022-2023 administrative review of the antidumping duty (ADD) order on non-oriented electrical steel (NOES) from Japan.⁵⁶ Commerce determined the one company subject to the review (Nippon Steel Corporation) sold NOES from Japan in the United States at prices below normal value during the period of review (December 1, 2022 - November 30, 2023). The final weighted-average dumping margin is 47.80%. As a result, Commerce will instruct US Customs and Border

⁵³ H.R.6446 - To modify the procedures for investigating claims of evasion of antidumping and countervailing duty orders, 119th Congress (2025-2026), accessible here: <https://www.congress.gov/bill/119th-congress/house-bill/6446>. A copy of the bill as introduced is accessible here: https://kelly.house.gov/sites/evo-subsites/kelly.house.gov/files/evo-media-document/kellpa_044_2_xml.pdf.

⁵⁴ Section 517 of the Tariff Act of 1930 (19 U.S.C. 1517), accessible here: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title19-section1517&num=0&edition=prelim>.

⁵⁵ “Kelly introduces Strengthening Trade Enforcement and Evasion Limitations Act,” December 8, 2025, accessible here: <https://kelly.house.gov/media/press-releases/kelly-introduces-strengthening-trade-enforcement-and-evasion-limitations-act>.

⁵⁶ “Non-Oriented Electrical Steel from Japan: Final Results of Antidumping Duty Administrative Review; 2022-2023,” 90 FR 59501 (December 19, 2025), accessible here: <https://www.federalregister.gov/documents/2025/12/19/2025-23456/non-oriented-electrical-steel-from-japan-final-results-of-antidumping-duty-administrative-review>.

Protection (CBP) to assess the ADD on subject goods sold by Nippon Steel Corporation that are entered, or withdrawn from warehouse, for consumption during the period of review and going forward at a duty rate of 47.80%.

The final dumping margin is lower than the preliminary dumping margin, which Commerce had set at 204.79% based on adverse facts available in April 2025.⁵⁷ In the final determination, Commerce switched from applying total adverse facts available to applying partial adverse facts available, leading to significant changes in the margin calculations.

Covered product

The product covered by this order is NOES from Japan, which includes cold-rolled, flat-rolled, alloy steel products, whether or not in coils, regardless of width, having an actual thickness of 0.20 mm or more, in which the core loss is substantially equal in any direction of magnetization in the plane of the material. The term “substantially equal” means that the cross grain direction of core loss is no more than 1.5 times the straight grain direction (i.e., the rolling direction) of core loss. NOES has a magnetic permeability that does not exceed 1.65 Tesla when tested at a field of 800 A/m (equivalent to 10 Oersteds) along (i.e., parallel to) the rolling direction of the sheet (i.e., B800 value). NOES contains by weight more than 1.00 percent of silicon but less than 3.5 percent of silicon, not more than 0.08 percent of carbon, and not more than 1.5 percent of aluminum. NOES has a surface oxide coating, to which an insulation coating may be applied.

NOES is subject to these orders whether it is fully processed (i.e., fully annealed to develop final magnetic properties) or semi-processed (i.e., finished to final thickness and physical form but not fully annealed to develop final magnetic properties). Fully processed NOES is typically made to the requirements of ASTM specification A 677, Japanese Industrial Standards (JIS) specification C 2552, and/or International Electrotechnical Commission (IEC) specification 60404-8-4. Semi-processed NOES is typically made to the requirements of ASTM specification A 683. However, the scope of the order is not limited to merchandise meeting the ASTM, JIS, and IEC specifications noted immediately above.

NOES is sometimes referred to as cold-rolled non-oriented (CRNO), non-grain oriented (NGO), non-oriented (NO), or cold-rolled non-grain oriented (CRNGO) electrical steel. These terms are interchangeable. Excluded from the scope of the Order are flat-rolled products not in coils that, prior to importation into the United States, have been cut to a shape and undergone all punching, coating, or other operations necessary for classification in Chapter 85 of the Harmonized Tariff Schedule of the United States (HTSUS) as a part (i.e., lamination) for use in a device such as a motor, generator, or transformer.

NOES is provided for in HTSUS subheadings 7225.19.0000, 7226.19.1000, and 7226.19.9000. Subject merchandise may also be entered under subheadings 7225.50.8085, 7225.99.0090, 7226.92.5000, 7226.92.7050, 7226.92.8050, 7226.99.0180 of the HTSUS. HTSUS codes are provided for convenience and customs purposes and the written description of the scope is dispositive.

United States Initiates Five-Year (Sunset) Review of ADD and CVD Orders on Non-Oriented Electrical Steel from China, Germany, Japan, South Korea, Sweden, and Taiwan

On December 1, 2025, Commerce and the International Trade Commission (ITC) announced the initiation of the second five-year (sunset) reviews of the countervailing duty (CVD) orders on non-oriented electrical steel (NOES) from China and Taiwan and the ADD orders on NOES from China, Germany, Japan, South Korea, Sweden, and Taiwan.⁵⁸ The review was originally scheduled to be initiated on November 3, 2025, but was delayed by the lapse in government funding. Commerce and ITC have tolled all related deadlines to account for the delayed initiation.

⁵⁷ “Non-Oriented Electrical Steel From Japan: Preliminary Results of Antidumping Duty Administrative Review; 2022-2023,” 90 FR 15447 (April 11, 2025), accessible here: <https://www.federalregister.gov/documents/2025/04/11/2025-06223/non-oriented-electrical-steel-from-japan-preliminary-results-of-antidumping-duty-administrative>.

⁵⁸ “Non-Oriented Electrical Steel From China, Germany, Japan, South Korea, Sweden, and Taiwan; Institution of Five-Year Reviews,” 90 FR 55159 (December 1, 2025), accessible here: <https://www.federalregister.gov/documents/2025/12/01/2025-21687/non-oriented-electrical-steel>.

The ITC reviews will seek to determine whether revocation of the ADD and CVD orders would likely lead to continuation or recurrence of material injury. Commerce's reviews will examine whether revocation of the ADD orders would likely lead to the continuation or recurrence of dumping and whether revocation of the CVD order would likely lead to the continuation or recurrence of net countervailable subsidies.

Covered product

The product covered by this order is NOES, which includes cold-rolled, flat-rolled, alloy steel products, whether or not in coils, regardless of width, having an actual thickness of 0.20 mm or more, in which the core loss is substantially equal in any direction of magnetization in the plane of the material. The term "substantially equal" means that the cross grain direction of core loss is no more than 1.5 times the straight grain direction (i.e., the rolling direction) of core loss. NOES has a magnetic permeability that does not exceed 1.65 Tesla when tested at a field of 800 A/m (equivalent to 10 Oersteds) along (i.e., parallel to) the rolling direction of the sheet (i.e., B800 value). NOES contains by weight more than 1.00% of silicon but less than 3.5% of silicon, not more than 0.08% of carbon, and not more than 1.5% of aluminum. NOES has a surface oxide coating, to which an insulation coating may be applied.

NOES is subject to these orders whether it is fully processed (i.e., fully annealed to develop final magnetic properties) or semi-processed (i.e., finished to final thickness and physical form but not fully annealed to develop final magnetic properties). Fully processed NOES is typically made to the requirements of ASTM specification A 677, Japanese Industrial Standards (JIS) specification C 2552, and/or International Electrotechnical Commission (IEC) specification 60404-8-4. Semi-processed NOES is typically made to the requirements of ASTM specification A 683. However, the scope of the order is not limited to merchandise meeting the ASTM, JIS, and IEC specifications noted immediately above.

NOES is sometimes referred to as cold-rolled non-oriented (CRNO), non-grain oriented (NGO), non-oriented (NO), or cold-rolled non-grain oriented (CRNGO) electrical steel. These terms are interchangeable. Excluded from the scope of the Order are flat-rolled products not in coils that, prior to importation into the United States, have been cut to a shape and undergone all punching, coating, or other operations necessary for classification in Chapter 85 of the Harmonized Tariff Schedule of the United States (HTSUS) as a part (i.e., lamination) for use in a device such as a motor, generator, or transformer.

NOES is provided for in HTSUS subheadings 7225.19.0000, 7226.19.1000, and 7226.19.9000. Subject merchandise may also be entered under subheadings 7225.50.8085, 7225.99.0090, 7226.92.5000, 7226.92.7050, 7226.92.8050, 7226.99.0180 of the HTSUS. HTSUS codes are provided for convenience and customs purposes and the written description of the scope is dispositive.

ITC Issues Final Affirmative Determination in the Five-Year Review of ADD Order on Welded Large Diameter Line Pipe from Japan

On December 29, 2025, ITC issued an affirmative determination in the full five-year review of the ADD order on certain welded large diameter line pipe from Japan, finding that revocation of the order would be likely to lead to continuation or recurrence of material injury to the US industry within a reasonably foreseeable time.⁵⁹

In its parallel proceeding, Commerce issued the final affirmative results of its sunset review on January 3, 2025, finding that revocation of the ADD order would be likely to lead to the continuation or recurrence of dumping at a

⁵⁹ [from-china-germany-japan-south-korea-sweden-and-taiwan-institution-of](https://www.federalregister.gov/documents/2025/12/01/2025-21693/initiation-of-five-year-sunset-reviews); and "Initiation of Five-Year (Sunset) Reviews," 90 FR 55086 (December 12, 2025), accessible here: <https://www.federalregister.gov/documents/2025/12/01/2025-21693/initiation-of-five-year-sunset-reviews>.

⁵⁹ "Certain Welded Large Diameter Line Pipe from Japan," 90 FR 60739 (December 29, 2025), accessible here: <https://www.federalregister.gov/documents/2025/12/29/2025-23803/certain-welded-large-diameter-line-pipe-from-japan>.

dumping margins up to 30.80%.⁶⁰ Commerce conducted the review on an expedited basis after not receiving a substantive response from any respondent interested parties. Following the Commerce determination, the ITC issued notice that it would conduct a full five-year review of the order.⁶¹

As a result of the affirmative determinations by both ITC and Commerce, Commerce will next issue a continuation notice for the ADD order. CBP will continue to collect ADD cash deposits at the rates in effect at the time of entry for all covered imports.

Covered product

The product covered by this order is certain welded carbon and alloy line pipe, of circular cross section and with an outside diameter greater than 16 inches, but less than 64 inches, in diameter, whether or not stenciled. This product is normally produced according to American Petroleum Institute (API) specifications, including Grades A25, A, B, and X grades ranging from X42 to X80, but can also be produced to other specifications. The product is classified under HTSUS codes 7305.11.1030, 7305.11.1060, 7305.11.5000, 7305.12.1030, 7305.12.1060, 7305.12.5000, 7305.19.1030, 7305.19.1060, and 7305.19.5000. HTSUS codes are provided for convenience and customs purposes and the written description of the scope is dispositive.

Not included within the scope of this investigation is American Water Works Association (AWWA) specification water and sewage pipe and the following size/grade combinations of line pipe:

- Having an outside diameter greater than or equal to 18 inches and less than or equal to 22 inches, with a wall thickness measuring 0.750 inch or greater, regardless of grade;
- Having an outside diameter greater than or equal to 24 inches and less than 30 inches, with wall thickness measuring greater than 0.875 inches in grades A, B, and X42, with wall thickness measuring greater than 0.750 inches in grades X52 through X56, and with wall thickness measuring greater than 0.688 inches in grades X60 or greater;
- Having an outside diameter greater than or equal to 30 inches and less than 36 inches, with wall thickness measuring greater than 1.250 inches in grades A, B, and X42, with wall thickness measuring greater than 1.000 inches in grades X52 through X56, and with wall thickness measuring greater than 0.875 inches in grades X60 or greater;
- Having an outside diameter greater than or equal to 36 inches and less than 42 inches, with wall thickness measuring greater than 1.375 inches in grades A, B, and X42, with wall thickness measuring greater than 1.250 inches in grades X52 through X56, and with wall thickness measuring greater than 1.125 inches in grades X60 or greater;
- Having an outside diameter greater than or equal to 42 inches and less than 64 inches, with a wall thickness measuring greater than 1.500 inches in grades A, B, and X42, with wall thickness measuring greater than 1.375 inches in grades X52 through X56, and with wall thickness measuring greater than 1.250 inches in grades X60 or greater;

⁶⁰ "Welded Large Diameter Line Pipe From Japan: Final Results of the Expedited Fourth Sunset Review of the Antidumping Duty Order," 90 FR 303 (January 3, 2025), accessible here: <https://www.federalregister.gov/documents/2025/01/03/2024-31593/welded-large-diameter-line-pipe-from-japan-final-results-of-the-expedited-fourth-sunset-review-of>.

⁶¹ "Certain Welded Large Diameter Line Pipe From Japan; Notice of Commission Determination To Conduct a Full Five-Year Review," 90 FR 6010 (January 17, 2025), accessible here: <https://www.federalregister.gov/documents/2025/01/17/2025-01146/certain-welded-large-diameter-line-pipe-from-japan-notice-of-commission-determination-to-conduct-a>; and "Certain Welded Large Diameter Line Pipe From Japan; Scheduling of a Full Five-Year Review," 90 FR 11995 (March 13, 2025), accessible here: <https://www.federalregister.gov/documents/2025/03/13/2025-04012/certain-welded-large-diameter-line-pipe-from-japan-scheduling-of-a-full-five-year-review>.

- Having an outside diameter equal to 48 inches, with a wall thickness measuring 1.0 inch or greater, in grades X-80 or greater;
- In API grades XI00 or above, having an outside diameter of 48 inches to and including 52 inches, and with a wall thickness of 0.54 inch or more; and
- An API grade X-80 having an outside diameter of 21 inches and wall thickness of 0.625 inch or more.