US & Multilateral Trade and Policy Developments

Japan External Trade Organization

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Contents

Trade Policy Developments

US Court of International Trade Declares the 10% Section 122 Tariff Unlawful

On May 7, 2026, the US Court of International Trade (CIT) ruled that the 10% tariff imposed under Section 122 of the Trade Act of 1974, announced in President Trump's Proclamation No. 11012 and imposed on February 24, 2026, is unlawful. The CIT's decision arises from complaints filed by 24 US states ("State Plaintiffs") and private importer plaintiffs Burlap and Barrel ("Private Plaintiffs").[1] The CIT has limited its remedy to the plaintiffs in the case. As of today, the tariffs remain in effect for all importers other than the Private Plaintiffs and the State of Washington.

The Trump administration appealed to the Court of Appeals for the Federal Circuit (CAFC) on May 8, 2026. Further litigation is likely in the coming months before there is a final resolution.

President Trump's Section 122 tariff order

On February 24, 2026, the Trump administration implemented a 10% global tariff under Section 122 of the Trade Act of 1974.[2] The tariff generally applies to imports from all countries, on top of any existing applicable tariffs, subject to certain exceptions.

Given the 150-day statutory limit on Section 122 measures, the tariff is expected to expire at 12:01 a.m. eastern daylight time on July 24, 2026.

A replacement to the IEEPA tariffs

At the same time that President Trump imposed the Section 122 tariffs, all tariffs previously established under the International Emergency Economic Powers Act (IEEPA) were revoked.[3] The transition from IEEPA to Section 122 reflects the Trump administration's plan to replace the IEEPA-based tariffs with new tariffs grounded in alternative statutory authorities, following the Supreme Court's February 20, 2026 decision in *Learning Resources, Inc. v. Trump*, finding that IEEPA does not grant the President the authority to impose tariffs.[4]

Trump administration officials had prepared alternatives to replace the IEEPA tariffs before the Supreme Court's decision, which President Trump outlined in a speech and social media posts shortly after the Supreme Court announced its opinion on February 20.[5] President Trump stated that he intended to immediately proceed with two complementary actions:

- **Issue the Section 122 tariff order:** Impose a 10% global tariff on imports from all countries under Section 122 of the Trade Act of 1974 as a short-term measure.[6]

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[1] See, *Burlap and Barrel, Inc. v. Trump* (for the Private Plaintiffs), accessible here: https://www.courtlistener.com/docket/72381015/38/burlap-and-barrel-inc-v-trump/; and *The State of Oregon v. Trump* (for the State Plaintiffs), accessible here: https://www.courtlistener.com/docket/72368522/49/the-state-of-oregon-v-trump/.

[2] Presidential Proclamation 11012 of February 20, 2026: "Imposing a Temporary Import Surcharge to Address Fundamental International Payments Problems," 91 FR 9339, accessible here: https://www.federalregister.gov/documents/2026/02/25/2026-03824/imposing-a-temporary-import-surcharge-to-address-fundamental-international-payments-problems; and CSMS # 67844987 - Imposing Temporary Section 122 Duties, February 23, 2026, accessible here: https://content.govdelivery.com/accounts/USDHSCBP/bulletins/40b3b7b.

[3] Executive Order 14389 of February 20, 2026: "Ending Certain Tariff Actions," 91 FR 943, accessible here: https://www.federalregister.gov/documents/2026/02/25/2026-03832/ending-certain-tariff-actions.

[4] Learning *Resources, Inc. v. Trump*, 24-1287, accessible here: https://www.supremecourt.gov/opinions/25pdf/24-1287_4gcj.pdf.

[5] *See, e.g.*, Truth Social post of February 20, 2026 by President Trump, accessible here: https://truthsocial.com/@realDonaldTrump/posts/116104407604484915.

[6] President Trump later announced his intention to increase the tariff rate to 15% in a February 21 Truth Social post, but he never issued a legal order to implement the change.

- **Initiate new Section 301 investigations:** Direct USTR to initiate new Section 301 investigations targeting US trade partners.[7] USTR initiated two sets of investigations a few weeks later.

About Section 122 of the Trade Act of 1974

Section 122 of the Trade Act of 1974[8] was enacted by Congress to provide explicit statutory authority for temporary tariffs in response to balance of payments crises. It was modeled on measures such as President Nixon's 1971 tariffs, which were used to address concerns over declining US gold reserves and the risk of a currency crisis under the Bretton Woods system. By the time Congress adopted Section 122 in 1974, however, Bretton Woods had effectively collapsed, and the United States had shifted to the floating exchange rate regime that continues today. As a result, Section 122 was not used by successive presidential administrations.

Section 122 authorizes the President to impose tariffs of up to 15% (or, in limited circumstances, quotas) for a maximum of 150 days, with an option to extend the measures past 150 days by an Act of Congress. The tariff and quota authorities under Section 122 may be activated where the President determines that "fundamental international payments problems require special import measures to restrict imports," specifically to: (i) address substantial and persistent US balance-of-payments deficits; (ii) prevent imminent and significant depreciation of the dollar in foreign exchange markets; or (iii) cooperate with other economies in correcting an international balance-of-payments disequilibrium.

The statute generally requires that its trade-restricting measures be non-discriminatory in character and applied broadly and uniformly. It nonetheless affords the President certain flexibilities, including the ability to carve out product-specific exceptions or to concentrate measures on economies with comparatively large bilateral trade imbalances. Of particular relevance to President Trump's objective of imposing new tariffs without delay after the termination of the IEEPA tariffs, Section 122 requires no agency action or administrative procedure implementing tariffs.

The CIT opinion on the Section 122 tariffs

The majority of the CIT panel (two out of three judges) found the Section 122 tariffs to be unlawful because they do not address a balance of payments issue as required by the statute, explaining:

- Section 122, in relevant part, empowers the President to impose temporary import surcharges of up to 15%%, "[w]henever fundamental international payments problems require special import measures to restrict imports — (1) to deal with large and serious United States balance-of payments deficits[.]"
- President Trump's Proclamation 11012 relies on trade and current account deficits.
- The majority found that trade and current account deficits are distinct from balance-of-payments deficits within the meaning of Section 122 and its legislative history.
- Because Proclamation 11012 did not identify balance-of-payment deficits within the meaning of Section 122, the majority found that the Proclamation was *ultra vires* and that the tariffs imposed on the importers are unauthorized by law.

One judge on the panel dissented from the majority's decision, finding that the term "balance of payments" could encompass a wider set of circumstances, including potentially those referenced by the President in Proclamation 11012. Moreover, the dissent argued that the case was not ready for summary judgment because the majority based

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[7] "Ambassador Greer Issues Statement on Supreme Court IEEPA Decision," USTR, February 20, 2026, accessible here: https://ustr.gov/about/policy-offices/press-office/press-releases/2026/february/ambassador-greer-issues-statement-supreme-court-ieepa-decision.

[8] 19 U.S.C. § 2132, accessible here: https://www.govinfo.gov/app/details/USCODE-2024-title19/USCODE-2024-title19-chap12-subchapI-part2-sec2132.

its decision on an interpretation of Section 122 that neither side advocated for, and the court failed to give the parties notice or an opportunity to respond to this interpretation, thereby undermining procedural fairness.

The CIT order

- **Injunction and refunds for the Importer Plaintiffs**

  The CIT granted summary judgment and a permanent injunction to the Private Plaintiffs and the State of Washington, which had imported goods subject to Section 122 tariffs (collectively "Importer Plaintiffs"). The CIT also ordered refunds (with interest) for any Section 122 duties paid by Importer Plaintiffs before the injunction takes effect. The injunction and refunds apply only to Importer Plaintiffs and not to others because only the Importer Plaintiffs were found to have standing, and the Importer Plaintiffs did not request a "universal" injunction.

- **Dismissal of the Non-Importer State Plaintiffs**

  The CIT dismissed the case without prejudice with respect to all state-plaintiffs except for the state of Washington, because only Washington demonstrated that it imported goods subject to Section 122 tariffs. The other states argued that they were harmed indirectly by the tariffs in the form of pass-through tariff surcharges, tariff-related increases in the prices for goods and services, and burdens and delays in the States' ability to carry out administrative duties. The CIT found that these alleged harms were too attenuated and, therefore, the State Plaintiffs did not suffer an injury in fact and therefore did not have standing to bring the lawsuit.

Next steps for the litigation and status of the tariffs

The CIT's decision is likely only the first step of a longer litigation process. As in the IEEPA case, the Trump administration has appealed this decision to the CAFC and will likely request that the CAFC stays the CIT's decision until the case is fully resolved. In the IEEPA case, the CAFC granted the government's request for an immediate administrative stay of the CIT's orders on day after the appeal. Should the CAFC stay the CIT's decision, CBP could continue to collect Section 122 tariffs from all importers, including the Importer Plaintiffs, until the case is finally decided. After the CAFC issues a decision in the case, both sides have the opportunity to appeal to the Supreme Court.

Trade Actions

Section 301

USTR Initiates Second Four-Year Review of the China Section 301 Tariffs

On May 6, 2026, the Office of the United States Trade Representative (USTR) initiated the second four-year review of the Section 301 tariffs on imports from China, originally imposed in 2018.[9] In this first phase of the review, USTR is soliciting comments from representatives of domestic industries that have benefited from the action regarding whether the tariffs should be continued for another four years. After receiving such requests from domestic industries, USTR will formally extend the Section 301 tariffs. Alongside the extension, USTR will initiate a review of the action's effectiveness, in which USTR will hold a public comment process and consider modifications to the action.

USTR will almost certainly receive requests to extend the action for another four years, leading to the continuation of the tariffs. That said, the public review process that USTR is required to undertake could provide opportunities to seek adjustments to the tariff levels and product coverage.

The 2018 China Section 301 tariff action

Since 2018, the United States has maintained Section 301 tariffs on a large share of goods imported from China under the Section 301 investigation of China's acts, policies, and practices related to technology transfer, intellectual property, and innovation. The tariffs were introduced in successive tranches.[10] The first tranche (List 1), effective July 6, 2018, imposed an additional 25% *ad valorem* duty on Chinese-origin goods, primarily industrial machinery, electrical components, and intermediate goods, covering an estimated annual trade value of approximately $34 billion. The second tranche (List 2), effective August 23, 2018, extended the additional 25% duty to further products, including industrial parts, semiconductors, and electronic items, with an estimated annual trade value of approximately $16 billion. Since their introduction, the tariffs have been significantly modified, including through additional tranches expanding product coverage and the establishment of a product exclusion process through which importers could seek relief from the additional duties for specific goods.

Section 301's four-year review and continuation process

Under Section 301 of the Trade Act of 1974, an action automatically terminates after four years unless the original petitioner or another domestic industry that benefits from the action submits a written request for continuation during the final 60 days of the four-year period.[11] Upon receipt of a continuation request, USTR must continue the action for another four years.

In parallel with any continuation decision, USTR must also conduct a review, evaluating the effectiveness of the Section 301 action in achieving its objectives; considering whether additional or alternative measures, including actions targeting other products or services, are appropriate; and assessing the broader effects of the action on the US economy and consumers.

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[9] "Initiation of Second Four-Year Review Process: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation," 91 FR 24636 (May 6, 2026), accessible here: https://www.federalregister.gov/documents/2026/05/06/2026-08806/initiation-of-second-four-year-review-process-chinas-acts-policies-and-practices-related-to.

[10] See the USTR website at "Section 301 – China Technology Transfer" for related investigation documents and notices, accessible here: https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-china.

[11] See 19 USC §2417(c), accessible here: https://www.govinfo.gov/app/details/USCODE-2024-title19/USCODE-2024-title19-chap12-subchapIII.

The Biden administration conducted the first four-year review in 2022, which led to an extension of the Section 301 tariffs through 2026 and further tariff increases on certain products.[12] July 2026 will mark the close of the second four-year period of this action.

Initiation and first stages of the review

In the May 6, 2026 Federal Register notice, USTR notified representatives of domestic industries benefiting from the Section 301 actions of the pending termination of those actions and of the opportunity to request continuation. The prescribed window for submitting continuation requests are as follows:

- **List 1** (July 6, 2018 action, as modified): May 7, 2026 through July 5, 2026.
- **List 2** (August 23, 2018 action, as modified): June 24, 2026 through August 22, 2026.

Requests must be submitted through dockets opened by USTR on the USTR Comments Portal at comments.ustr.gov. The *Federal Register* notice includes additional instructions on the submission process. If USTR receives requests for the continuation of the Section 301 tariff actions, it will issue a Federal Register notice announcing the continuation of the tariff actions for another four years.

Four-year review and public consultations

Alongside the continuation decision, USTR will begin the statutory review of the tariff actions. The review will include a notice and comment period to gather public input on the effectiveness of the tariff action in achieving the objectives of Section 301, other actions that could be taken, and the effects of the action on the US economy, including on consumers. USTR will announce the notice and comment period in a subsequent Federal Register notice and invite interested parties to submit comments. The review process provides USTR with a formal opportunity to adjust tariff rates or product coverage to improve the overall effectiveness of the Section 301 action.

USTR Completes Initial Public Consultations for Forced Labor and Excess Capacity Section 301 Investigations

In mid-May 2026, the Office of the United States Trade Representative (USTR) closed the public comment periods for its Section 301 investigations of "structural excess capacity and production in certain manufacturing sectors" in 16 economies[13] and "the failure to impose and effectively enforce a prohibition on the importation of goods produced with forced labor" in 60 economies.[14] Based on the procedures in Section 301 of the Trade Act of 1974, USTR is likely now proceeding with the internal fact-finding work, interagency consultations, and bilateral consultations with the governments of the target economies.[15]

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[12] "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.

[13] "Initiation of Section 301 Investigations: Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors," 91 FR 12886 (March 17, 2026), accessible here: https://www.federalregister.gov/documents/2026/03/17/2026-05214/initiation-of-section-301-investigations-acts-policies-and-practices-of-certain-economies-relating. The 16 target economies are Bangladesh, Cambodia, China, the European Union, India, Indonesia, Japan, Malaysia, Mexico, Norway, Singapore, South Korea, Switzerland, Taiwan, Thailand, and Vietnam.

[14] "Initiation of Section 301 Investigations of Acts, Policies, and Practices of Various Economies Related to the Failure to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labor," 91 FR 12884 (March 17, 2026), accessible here: https://www.federalregister.gov/documents/2026/03/17/2026-05151/initiation-of-section-301-investigations-of-acts-policies-and-practices-of-various-economies-related. The 60 target economies are Algeria, Angola, Argentina, Australia, The Bahamas, Bahrain, Bangladesh, Brazil, Cambodia, Canada, Chile, China, Colombia, Costa Rica, Dominican Republic, Ecuador, Egypt, El Salvador, European Union, Guatemala, Guyana, Honduras, Hong Kong, India, Indonesia, Iraq, Israel, Japan, Jordan, Kazakhstan, Kuwait, Libya, Malaysia, Mexico, Morocco, New Zealand, Nicaragua, Nigeria, Norway, Oman, Pakistan, Peru, Philippines, Qatar, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Sri Lanka, Switzerland, Taiwan, Thailand, Trinidad and Tobago, Türkiye, United Arab Emirates, United Kingdom, Uruguay, Venezuela, and Vietnam.

[15] 19 U.S.C. §§2411-2420, accessible here: https://www.govinfo.gov/app/details/USCODE-2024-title19/USCODE-2024-title19-chap12-subchapIII.

Ambassador Jamieson Greer recently stated that USTR will release the results of the investigations "in the next several weeks," along with the proposed remedial actions and a call for public input on the remedial actions.[16] Comments by Trump administration officials indicate that USTR intends to be ready to impose tariffs based on these investigations by July 24, 2026, the date on which the current 10% Section 122 tariff expires.

Update (June 2, 2026): USTR has issued its notice of determination and proposed action in the Section 301 investigations of forced labor import prohibitions, proposing tariffs of 10% to 12.5%. See the following section for more information.

Public comments, hearings, and post-hearing comments

USTR conducted the public comment and hearing processes for the two sets of Section 301 investigations in parallel through April and early May. The forced labor imports investigations followed the original timetable and closed on May 15, while the structural excess capacity investigations comment process was completed on May 22 after several extensions.

In the forced labor import investigations, USTR received 500 public comments and held two days of hearings with 60 witnesses. The industrial excess capacity investigations received significantly more attention (despite covering fewer economies), with 1,079 comments and four days of public hearings with 148 witnesses. Transcripts from the public hearings, the public comment letters, and the post-hearing comments are all now available on USTR's website.

Next steps in the investigations

Public statements from President Trump, Ambassador Greer, and other senior officials indicate that Section 301 actions are widely understood as intended to replicate the coercive and protectionist functions previously served by the tariffs imposed under the International Emergency Economic Powers Act (IEEPA). That would include preserving incentives for partner economies to adhere to the commitments made in the Agreements on Reciprocal Trade (ARTs) and maintaining the elevated "reciprocal" tariff rates.

As a result, USTR likely intends to issue affirmative determinations that the subject economies' acts, policies, and practices are unreasonable and burden or restrict US commerce, and thus are actionable under Section 301.[17] The affirmative determinations would provide the basis for imposing the tariffs as a remedial action, replacing the IEEPA tariffs that the Supreme Court found to be illegal in February 2026.

When it proposes the tariffs (or any other remedial actions), Section 301 generally requires USTR to hold an additional notice and comment period. This second consultation round would provide an opportunity for interested stakeholders to submit input on the specific proposals made by USTR.[18] The final action to implement the tariff measures would be issued after USTR completes that consultation.

Other pending Section 301 actions

USTR has several other Section 301 investigations underway and is also considering initiating other investigations.

- **Brazil:** USTR's investigation of 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" was initiated on July 15, 2025.[19] The 12-month deadline for the

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[16] Bloomberg, "US Expects China to Commit Billions for American Farm Goods, Greer Says," May 14, 2026, accessible here: https://www.bloomberg.com/news/articles/2026-05-15/us-expects-dramatic-agricultural-purchases-by-china-greer-says.

[17] Specifically, 19 U.S.C. §2411(b) and §2414(a).

[18] See 19 U.S.C. §2414(b).

[19] For documents related to the investigation, see the webpage, "Section 301 – 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," USTR, accessible here: https://ustr.gov/trade-topics/enforcement/section-301-investigations/section-301-brazils-acts-policies-and-practices-related-digital-trade-and-electronic-payment.

investigation is approaching soon. Though USTR has not issued any recent statements about the investigation, Brazilian media has reported that USTR is nearing the end of the investigation process. US and Brazilian officials have met repeatedly for negotiations in recent weeks and are reportedly working toward an agreement that would avert the imposition of additional tariffs.

Update (June 1, 2026): USTR has issued its notice of determination and proposed action in the Section 301 investigation of Brazil, proposing a 25% tariff. See the following section for more information.

- **China:** USTR is conducting an investigation under Section 301(a) into China's compliance with the 2020 Phase One Agreement and is also carrying out the second four-year review of the 2018 Section 301 tariffs.[20] The outcomes of these investigations are uncertain, as the United States and China have agreed to not increase tariffs any further until at least November 2026, under the November 2025 de-escalation agreement.

- **Vietnam:** In the April 30, 2026 publication of the 2026 Special 301 Report, USTR designated Vietnam as a Priority Foreign Country (PFC).[21] A PFC designation requires USTR to determine whether it should initiate a Section 301 investigation within 30 days, setting a deadline of May 30. Invoking a Section 301 investigation threat may be another attempt by the Trump administration to pressure Vietnam into concluding an ART. Senior officials from the Trump administration and Vietnam met in mid-May for another round of negotiations.

  Update (May 29, 2026): USTR has initiated the Section 301 investigation of Vietnam's acts, policies, and practices related to intellectual property protection and enforcement. See the following section for more information.

USTR may initiate additional Section 301 investigations in the near future. When it initially outlined the plan to replace the IEEPA tariffs with Section 301-based measures, USTR stated that it was considering investigations into "pharmaceutical pricing practices, discrimination against US technology companies and digital goods and services, digital services taxes, ocean pollution, and practices related to the trade in seafood, rice, and other products."[22] In recent weeks, influential stakeholders have been appealing to USTR to initiate several of these other investigations. Members of Congress have called for investigations targeting foreign sugar,[23] seafood,[24] and rice[25] production practices. USTR has not publicly commented on these requests.

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[20] See the webpage, "Section 301 – China's Implementation of Commitments Under the Phase One Agreement," USTR, accessible here: https://ustr.gov/trade-topics/enforcement/section-301-investigations/section-301-chinas-implementation-commitments-under-phase-one-agreement; and "Initiation of Second Four-Year Review Process: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation," 91 FR 24636 (May 6, 2026), accessible here: https://www.federalregister.gov/documents/2026/05/06/2026-08806/initiation-of-second-four-year-review-process-chinas-acts-policies-and-practices-related-to.

[21] "USTR Releases 2026 Special 301 Report on Intellectual Property Protection and Enforcement," USTR, April 30, 2026, accessible here: https://ustr.gov/about/policy-offices/press-office/press-releases/2026/april/ustr-releases-2026-special-301-report-intellectual-property-protection-and-enforcement.

[22] "Ambassador Greer Issues Statement on Supreme Court IEEPA Decision," USTR, February 20, 2026, accessible here: https://ustr.gov/about/policy-offices/press-office/press-releases/2026/february/ambassador-greer-issues-statement-supreme-court-ieepa-decision.

[23] "Hoeven, Slotkin, Fedorchak & Carter Lead Call for Section 301 Investigation Into Unfair Sugar Trade Practices," May 21, 2026, accessible here: https://www.hoeven.senate.gov/newsroom/press-releases/hoeven-slotkin-fedorchak-carter-lead-call-for-section-301-investigation-into-unfair-sugar-trade-practices.

[24] "Higgins Leads Effort to Initiate Investigation into Foreign Seafood Importers Engaging in Harmful Trade Practices," May 12, 2026, accessible here: https://clayhiggins.house.gov/2026/05/12/higgins-leads-effort-to-initiate-investigation-into-foreign-seafood-importers-engaging-in-harmful-trade-practices/.

[25] "Letter to United States Trade Representative Ambassador Greer - Rice Section 301 Investigation Request," April 20, 2026, accessible here: https://crawford.house.gov/media/in-the-news/letter-to-united-states-trade-representative-ambassador-greer-rice-section-301-investigation-request.

USTR Initiates Section 301 Investigation of Vietnam's Intellectual Property Protection Practices

On May 29, 2026, the Office of the United States Trade Representative (USTR) announced the initiation of a Section 301 investigation of Vietnam's acts, policies, and practices related to intellectual property (IP) protection and enforcement.[26] The investigation covers various IP concerns raised in the 2026 Special 301 Report, in which Vietnam was designated as a Priority Foreign Country (PFC).[27] USTR is proposing to determine that these acts, policies, and practices are actionable under Section 301(b). Such an affirmative determination would allow President Trump to impose tariffs and other trade restrictions on imports from Vietnam or to enter negotiations with Vietnam.

Vietnam is also subject to the ongoing Section 301 investigations related to forced labor and industrial excess capacity, the results of which will likely be announced in the next few weeks.

The alleged acts, policies, and practices and the Special 301 Report

Vietnam is the first country to receive a PFC designation in 13 years. In the Special 301 Report, USTR states that Vietnam "has demonstrated a persistent failure to resolve long-standing concerns about IP protection and enforcement," noting that Vietnam "failed to make meaningful progress" under USTR's proposed IP Work Plan and subsequent bilateral negotiations. The report further states that Vietnam has not made progress on these issues in the context of the Trump administration's Agreement on Reciprocal Trade (ART) negotiations. In contrast, in the 2025 Special 301 Report, USTR had listed Vietnam only on the Watch List, noting improvements to criminal enforcement and border measures, while still expressing concerns regarding IP protection and enforcement more broadly.

The 2026 Special 301 Report identifies five specific grounds for the designation of Vietnam: "(1) failure to provide persistent and effective enforcement to combat online piracy; (2) failure to provide sufficient enforcement against widespread counterfeiting; (3) lack of effective border enforcement; (4) lack of enforcement actions against unlicensed software use; and (5) lack of criminal measures against cable and satellite signal theft." The Section 301 initiation notice reiterates these concerns as the basis for the investigation.

Under the Special 301 statute, a PFC designation shall be applied only to countries (i) with the "most onerous or egregious acts, policies, or practices" that deny adequate IP rights or deny fair and equitable market access to US persons relying on IP protection; (ii) whose acts, policies, or practices have the greatest adverse impact (actual or potential) on US products; and (iii) that are not entering into good-faith negotiations or are failing to make significant progress in bilateral or multilateral negotiations to provide adequate IP rights protection.[28] After issuing a PFC designation, USTR must determine within 30 days whether to initiate a Section 301 investigation, which made May 29 the final deadline for the initiation.[29]

PFC-based Section 301 investigations are rare and there is little recent precedent. The last country subjected to a PFC designation was Ukraine in 2013. In the ensuing Section 301 investigation, USTR determined that Ukraine's acts, policies, and practices were unreasonable and burdened or restricted United States commerce, creating a basis for the imposition of tariffs or other remedies. Due to the political situation in Ukraine at the time, the Obama

[26] "USTR Announces Section 301 Investigation of Vietnam's Acts, Policies, and Practices Related to Intellectual Property Protection and Enforcement," USTR, May 29, 2026, accessible here: https://ustr.gov/about/policy-offices/press-office/press-releases/2026/may/ustr-announces-section-301-investigation-vietnams-acts-policies-and-practices-related-intellectual. An advance copy of the *Federal Register* notice is accessible here: https://ustr.gov/sites/default/files/files/Press/Releases/2026/USTR%20301%20Vietnam%20IP%20FRN.pdf.

[27] "2026 Special 301 Report," USTR, accessible here: https://ustr.gov/sites/default/files/files/Press/Releases/2026/2026%20Special%20301%20Report.pdf.

[28] 19 U.S.C. § 2242, accessible here: https://www.govinfo.gov/app/details/USCODE-2024-title19/USCODE-2024-title19-chap12-subchapI-part8-sec2242.

[29] 19 U.S.C. § 2412(b)(2), accessible here: https://www.govinfo.gov/app/details/USCODE-2024-title19/USCODE-2024-title19-chap12-subchapIII.

administration decided to not take any action. Ukraine was moved to the Priority Watch List in 2021, and USTR has since paused its reviews of Ukraine due to the ongoing war.

Filing comments on the investigation

As part of the investigation, USTR is soliciting public comments. The docket for receiving comments will be open from May 29to July 2, 2026, on the USTR Comments Portal.[30] The initiation notice provides further details on how to submit comments.

USTR is specifically interested in comments that address (i) Vietnam's acts, policies, and practices described in the notice; (ii) other acts, policies, and practices of Vietnam related to the denial of adequate and effective protection of IP rights and the denial of fair and equitable market access to persons that rely on IP protection; (iii) whether the acts, policies, and practices of Vietnam are unreasonable or discriminatory; (iv) whether the acts, policies, and practices of Vietnam burden or restrict US commerce, and if so, the nature and level of burden or restriction on US commerce; and (v) whether the acts, policies, and practices of Vietnam are actionable under section 301(b) and what action, if any, should be taken, including tariff and non-tariff actions.

Timeline for the investigation and the Special 301 Report process

The Section 301 initiation notice provides a timeline for the initial steps of the investigation:

- **April 30, 2026:** USTR identified Vietnam as a PFC in the 2026 Special 301 Report.
- **May 29, 2026:** USTR initiated the Section 301 investigation, opened the docket for public comments, and requested bilateral consultations with the Government of Vietnam.
- **July 2, 2026, at 11:59 p.m. EDT:** Deadline for filing comments.
- **On or about November 30, 2026:** Deadline for completion of the investigation.[31]

The initiation notice does not mention any plans to hold public hearings in this first phase of the investigation, though USTR could announce hearings later. The publication of the investigation's determination and proposal for remedial action would also likely include an additional opportunity for public comments and a public hearing.

USTR announced the 2026 Special 301 review and called for public comments on December 11, 2025. It received comments from 38 stakeholder groups and 19 foreign governments and held a public hearing on February 18, 2026.[32]

Ongoing ART negotiations with Vietnam

Initiating the Section 301 investigation may represent another attempt by the Trump administration to use the threat of Section 301 tariffs to replace the existing International Emergency Economic Powers Act (IEEPA) tariffs and gain leverage for ART negotiations.

Vietnam was among the first countries with which the Trump administration announced an ART in 2025, but the initial arrangement reportedly collapsed after President Trump personally intervened to increase the IEEPA reciprocal tariff

[30] Docket ID: USTR-2026-0364, Request for Comments on the Section 301 Investigation Regarding Vietnam's Identification as a Priority Foreign Country, accessible here: https://comments.ustr.gov/s/docket?docketNumber=USTR-2026-0364.

[31] Under 19 U.S.C. § 2414(a)(3)(A), an investigation initiated pursuant to a PFC designation that does not involve a trade agreement or the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights should be completed in six months. Under 19 U.S.C. § 2414(a)(3)(B), USTR may adopt an alternative nine-month timeline under certain circumstances. If invoked by USTR in this investigation, the nine-month deadline would be on or about February 28, 2027.

[32] Information from the 2026 Special 301 Report process, including hearing transcripts and the public comments, is accessible here: https://ustr.gov/trade-topics/intellectual-property/special-301/2026-special-301-report.

ceiling that would remain in place under the ART. Negotiations later resumed, with the parties issuing a joint statement outlining a new prospective ART in October 2025.[33] These negotiations are still ongoing.

In a May 1, 2026 statement responding to the PFC designation, Vietnam "called on the US to provide an objective and balanced assessment of Vietnam's efforts and achievements in intellectual property (IP) protection" and urged continued bilateral collaboration.[34] Negotiators met again on May 20, 2026, with Vietnam stating that it "will continue working closely with the US to soon finalize a fair and balanced reciprocal trade agreement[.]"[35]

USTR Proposes 25% Section 301 Tariff on Brazil

On June 1, 2026, the Office of the United States Trade Representative (USTR) issued its notice of determination and proposed action in the Section 301 investigation of 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." USTR concluded that the identified measures are unreasonable and burden or restrict US commerce and are thus actionable under Section 301(b).[36]

USTR proposes an additional 25% tariff on certain imports from Brazil as the responsive action. Consistent with the approach taken in connection with tariffs imposed under Section 122 of the Trade Act of 1974 and the International Emergency Economic Powers Act (IEEPA) during the Trump administration, USTR is proposing several broad exclusions, including for informational materials, for products already subject to Section 232 tariffs, and for a product-specific list provided in the Annex to the notice. Taking these exclusions into account, the proposed tariff would cover approximately one-third of US merchandise imports from Brazil.

USTR is accepting public comments on the proposed tariff (including on whether any specific products should be exempted from the tariff) until July 1 and will hold a public hearing on July 6, 2026 before issuing the final action.

Since February 2026, US imports from Brazil have only been subject to additional tariffs under the 10% global Section 122 tariff order or any applicable Section 232 tariffs.

Investigation determinations

The investigation covered six substantive areas of concern, and USTR made affirmative determinations in each, concluding that Brazil's acts, policies, and practices are "unreasonable and burden or restrict US commerce" and are thus actionable under Section 301(b):

- **Digital trade and electronic payment services:** USTR found that Brazilian law enforcement actions against individuals associated with the coup attempt that implicate US social media companies, as well as the Brazilian government's support for Pix, the government-operated instant payment system, are unreasonable and burden or restrict US commerce. USTR declined to make findings regarding alleged practices related to personal data transfers and the Brazilian Supreme Court's June 26, 2025 ruling on social media platform liability.

[33] "Joint Statement on a United States-Viet Nam Framework for an Agreement on Reciprocal, Fair, And Balanced Trade," White House, October 26, 2025, accessible here: https://www.whitehouse.gov/briefings-statements/2025/10/joint-statement-on-united-states-vietnam-framework-for-an-agreement-on-reciprocal-fair-and-balanced-trade/.

[34] "Vietnam requests US to deliver objective, balanced assessment of IP protection efforts," Ministry of Foreign Affairs, May 1, 2026, accessible here: https://mofa.gov.vn/web/ministry-of-foreign-affairs/detail/chi-tiet/vietnam-requests-us-to-deliver-objective-balanced-assessment-of-ip-protection-efforts-59610-178.html.

[35] "Viet Nam vows to work closely with US to soon finalize reciprocal trade agreement," Viet Nam Government News, May 20, 2026, accessible here: https://en.baochinhphu.vn/viet-nam-vows-to-work-closely-with-us-to-soon-finalize-reciprocal-trade-agreement-111260520143026138.htm.

[36] "Notice of Determination and Request for Comments Concerning Action Pursuant to Section 301: 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," 91 FR 33854 (June 4, 2026), accessible here: https://www.federalregister.gov/documents/2026/06/04/2026-11158/notice-of-determination-and-request-for-comments-concerning-action-pursuant-to-section-301-brazils.

- **Unfair, preferential tariffs:** USTR found that Brazil's partial-scope preferential trade arrangements with Mexico and India are unreasonable and burden or restrict US commerce.
- **Anti-corruption enforcement:** USTR found that Brazil "continues to fail to take sufficient enforcement action to combat bribery and corruption," which is unreasonable and burdens or restricts US commerce.
- **Intellectual property protection:** USTR cites Brazil's inclusion on the Special 301 Report's Watch List, which "reflects the longstanding and serious nature of the intellectual property issues US companies have endured in Brazil," finding that the identified challenges are unreasonable and burden or restrict US commerce. However, USTR has not designated Brazil as a Priority Foreign Country in the Special 301 Report, which is the designation that usually triggers Section 301 action.
- **Ethanol market access:** The United States and Brazil, the world's two largest producers of ethanol, have had long-running disputes over ethanol market access. USTR determined that Brazil's discontinuation of tariff preferences for US exporters is unreasonable and burdens or restricts US commerce.
- **Illegal deforestation:** USTR found that Brazil's failure to enforce its laws against illegal deforestation is unreasonable and burden or restrict US commerce, asserting the policy failure "promote[s] unfair competition of Brazilian agricultural and wood products with goods produced without those practices."

This is the first Section 301 determination to treat corruption itself as an unfair trade practice, although the United States has long raised concerns about corruption as a market access barrier. Unfair preferential tariffs are also a new topic for Section 301. USTR's assertion that Brazil's partial-scope trade agreements harm US commerce invokes the logic of the WTO's regional trade agreement exception to the most-favored-nation (MFN) principle, which requires that a trade agreement cover "substantially all trade," although USTR does not explicitly reference Article XXIV of the General Agreement on Tariffs and Trade (GATT).

Proposed responsive action

USTR has proposed a 25% tariff on imports from Brazil as the responsive action, subject to certain broad exceptions.

The proposed action does not specify how or when the 25% tariff would be implemented. USTR would include the technical implementation information and the effective dates in the final notice of action.

In addition, USTR has proposed a 12.5% tariff on imports from Brazil under the separate Section 301 investigation concerning forced labor import policies, which was announced on the following day.[37] The proposed tariffs largely cover the same products and would likely be cumulative, resulting in a combined Section 301 tariff of 37.5% on covered imports from Brazil.

Brazil was previously subject to the 10% IEEPA "baseline" tariff and an additional 40% IEEPA tariff specific to Brazil, such that the new proposed Section 301 tariff lower would be below the combined IEEPA tariff rate of 50%.

Tariff exclusions

The 25% tariff would apply generally to all imports from Brazil, but USTR has also proposed several significant sets of exclusions:

- Informational materials, donations, and accompanied baggage;

[37] "Notice of Determinations and Request for Comments Concerning Actions in Section 301 Investigations of Acts, Policies, and Practices of Various Economies Related to the Failure to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labor," advance copy of the Federal Register notice, June 2, 2026, accessible here: https://ustr.gov/sites/default/files/files/Press/Releases/2026/FRN%20-%20Section%20301%20Forced%20Labor%20Import%20Ban%20Actionabilty%20and%20Proposed%20Action%206-2-26%20FINAL.pdf.

- Articles and parts of articles subject to Section 232 tariffs; and
- Specific products identified in the Annex of the notice.

The notice does not provide technical details about the informational materials, donations, and accompanied baggage exceptions or the Section 232 tariff exception. That said, the Trump administration has included similar exceptions in both the IEEPA tariffs and the current Section 122 tariff, and the structure of those exceptions would likely inform what USTR is proposing for Brazil.[38]

The list of specific products USTR has proposed to exempt from the tariffs in the Annex closely resembles the product-specific exceptions lists used in the Section 122 tariff order and the now-terminated IEEPA tariff on Brazil, with some modifications and additions. The list includes all products that are on the Section 122 exceptions list, as well as 43 other HTSUS subheadings related to wood and pulp products, various minerals, and a few agricultural products. Of the 43 additional exceptions, 32 subheadings were included in the Brazil-specific IEEPA tariff exceptions list, while 11 subheadings (which are mostly minerals-related) are new additions. Three pig iron-related subheadings that were on the Brazil-specific IEEPA tariff exception list were not carried over into the proposed Section 301 exceptions.

Taken together, these proposed exceptions appear to cover as much as 68% of US merchandise imports from Brazil, using 2024 data as a baseline.

Additionally, the notice does not address whether the new Section 301 tariffs would stack with the other Section 301 tariffs that USTR is currently developing. Absent contrary guidance from USTR in the final notice of action, the default assumption is that all applicable tariffs apply on a cumulative basis.

Opportunity for public comments and next steps for USTR

As part of the final determination of action, USTR is inviting public comments on the proposal and will hold a public hearing. The docket for receiving public comments is open from June 1 to July 1, 2026. Stakeholders interested in participating in the public hearing on July 6 should submit a request to appear by June 22. USTR's notice provides further details on how to submit comments.

USTR is specifically interested in comments on the product scope of the tariff, including on what specific products should be included through the exceptions annex. The notice states that commenters interested in proposing changes to the exceptions list should "address specifically whether the products under the tariff subheading are necessary raw materials, are available from alternative sources at reasonable prices or sufficient quantities outside of Brazil; whether additional tariffs would cause serious dislocations in the supply of the products and could cause economy-wide disruptions, or other similar factors; and whether imposing additional tariffs on products under the tariff subheading would be practical or effective in obtaining the elimination of the Brazil's [*sic*] acts, policies, and practices."

Key dates for public engagement:

- **June 1, 2026:** Comment period opens.
- **June 22, 2026:** Deadline for requests to appear at the hearing, along with a summary of testimony.
- **July 1, 2026:** Deadline for written comments.

[38] For the most recent example of a similar tariff system, see the Section 122 tariff order, "Imposing a Temporary Import Surcharge To Address Fundamental International Payments Problems," 91 FR 9339 (February 25, 2026), accessible here: https://www.federalregister.gov/documents/2026/02/25/2026-03824/imposing-a-temporary-import-surcharge-to-address-fundamental-international-payments-problems.

- **July 6, 2026:** Public hearing. If necessary, the hearing may continue on the next business day.

Finalization and implementation of the proposed tariff measures would take place after USTR completes the public consultation. The statutory deadline for USTR to complete development of the final action is July 15, 2026.

US and Brazilian officials have met repeatedly for negotiations over the Section 301 investigation in recent weeks, including a meeting between President Trump and President Luiz Inácio Lula da Silva on May 7, 2026, but have thus far failed to reach an agreement. The discussions could still lead to a resolution of USTR's concerns and avert the imposition of the proposed tariffs, though the likelihood of such a positive outcome is unclear. In the press release accompanying the determination and proposed action, USTR states that it "continues to engage intensively with Brazil to seek resolution of U.S. concerns."[39]

USTR Proposes 10% to 12.5% Tariffs in Section 301 Investigation of Forced Labor Import Prohibitions

On June 2, 2026, the Office of the United States Trade Representative (USTR) issued a notice of determinations and proposed responsive actions in the Section 301 investigations of "Acts, Policies, and Practices of Various Economies Related to the Failure to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labor," covering 60 economies.[40] USTR determined that the acts, policies, and practices are unreasonable, burden or restrict US commerce, and are thus actionable under Section 301(b), for all 60 economies subject to the investigations.

As the proposed responsive action, USTR would impose additional *ad valorem* tariffs at rates of either 10% or 12.5% on imports from all economies covered by the investigations, subject to several significant exceptions. USTR is accepting comments on the proposed tariffs through July 6, 2026 and will hold a public hearing on July 7, 2026.

Proposed tariff levels

USTR proposes a differentiated tariff structure, with rates of 10% or 12.5%, based on its assessment of each economy's progress toward adopting and effectively enforcing a prohibition on imports of goods produced with forced labor.

- **10% tariff**

  The 10% tariff would apply to the following categories:

  - Economies that have adopted a forced labor import prohibition but which USTR finds are not enforcing it effectively: Canada, Ecuador, the European Union, Indonesia, Mexico, and Pakistan.
  - Economies that USTR determines have "undertaken commitments in their respective Agreements on Reciprocal Trade [ART] regarding forced labor import prohibition": Argentina, Bangladesh, Cambodia, Ecuador, El Salvador, Guatemala, Indonesia, Malaysia, and Taiwan.[41]
  - The United Kingdom, which USTR has determined has "imposed a partial regime with the effect of preventing the importation of certain forced labor goods."

[39] "USTR Section 301 Determination on Brazil's Unreasonable Acts, Policies, and Practices," USTR, June 1, 2026, accessible here: https://ustr.gov/about/policy-offices/press-office/press-releases/2026/june/ustr-section-301-determination-brazils-unreasonable-acts-policies-and-practices.

[40] "Notice of Determinations and Request for Comments Concerning Actions in Section 301 Investigations of Acts, Policies, and Practices of Various Economies Related to the Failure to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labor," advance copy of the Federal Register notice, June 2, 2026, accessible here: https://ustr.gov/sites/default/files/files/Press/Releases/2026/FRN%20-%20Section%20301%20Forced%20Labor%20Import%20Ban%20Actionabilty%20and%20Proposed%20Action%206-2-26%20FINAL.pdf.

[41] USTR has classified Ecuador and Indonesia under two different categories, but the tariff would be 10% regardless.

- **12.5% tariff**

  The 12.5% tariff would apply to the following economies: Algeria, Angola, Australia, The Bahamas, Bahrain, Brazil, Chile, China, Colombia, Costa Rica, Dominican Republic, Egypt, Guyana, Honduras, Hong Kong, India, Iraq, Israel, Japan, Jordan, Kazakhstan, Kuwait, Libya, Morocco, New Zealand, Nicaragua, Nigeria, Norway, Oman, Peru, Philippines, Qatar, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Sri Lanka, Switzerland, Thailand, Trinidad and Tobago, Türkiye, the United Arab Emirates, Uruguay, Venezuela, and Vietnam.

  USTR has determined that these economies "have failed to impose and effectively enforce a forced labor import prohibition."

Basis for the determinations

The factual bases for these determinations are provided in a separate report, though the report still provides significantly less analysis than reports from previous Section 301 investigations.[42]

On Japan, the report determines that Japan "has failed to impose and effectively enforce a forced labor import prohibition," that "the failure to impose and effectively enforce a forced labor import prohibition is unreasonable," and "the failure to impose and effectively enforce a forced labor import prohibition burdens or restricts U.S. commerce." On that basis, USTR concludes "the acts, policies and practices of Japan related to the failure to impose and effectively enforce a forced labor import prohibition are unreasonable and burden or restrict U.S. commerce." The report does not include detailed, factual analysis to explain these determinations, although it does briefly mention that Japan imports cotton products from China in one of the case studies USTR uses to illustrate ways in which products suspected to be produced with forced labor may be entering international supply chains.

Implementation details are not yet available

The proposed action does not include complete details about how or when these tariffs would be implemented. USTR would specify the technical implementation information and the entry into force dates in the final notice of action.

Proposed exceptions and tariff stacking

Similar to the tariffs the Trump administration recently imposed under Section 122 of the Trade Act of 1974 and IEEPA, USTR is proposing several broad exceptions from these forced labor-related Section 301 tariffs:

- Informational materials, donations, and accompanied baggage.
- All articles and parts of articles that are subject to the various sectoral tariffs imposed under Section 232 of the Trade Expansion Act of 1962. Section 232 tariffs currently cover copper, steel, aluminum, pharmaceuticals, wood products, passenger vehicles and parts, and trucks and parts. The Trump administration is also considering imposing Section 232 tariffs on semiconductors, critical minerals, commercial aircraft, unmanned aircraft, unmanned aircraft, polysilicon, wind turbines, medical products, and industrial machinery.
- Goods qualifying for preferential treatment under the United States-Mexico-Canada Agreement (USMCA).
- Textiles and apparel articles from Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, or Nicaragua that qualify for preferential treatment under the yarn-forward rule of the Dominican Republic–Central America Free Trade Agreement (CAFTA-DR).

[42] "Report in Section 301 Investigations of the Acts, Policies, and Practices of Various Economies Related to the Failure to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labor," USTR, June 2, 2026, accessible here: https://ustr.gov/sites/default/files/files/Press/Releases/2026/USTR%20Report%20Sec%20301%20FL%20301%206-2-26%20FINAL%20for%20upload.pdf.

- A proposed tariff reduction for certain apparel and textile imports based on the value of US-produced cotton and textiles imported by those economies, apparently intended for non-CAFTA DR partners. The details of this proposal are not included in the notice.
- Goods listed in Annex A of the notice. The proposed Annex A exclusions are identical to the Annex II exclusions list currently in use for the 10% global Section 122 tariff. It includes various food and agriculture products, energy products, raw materials and natural resources that are not available in sufficient quantities in the United States, and civil aircraft and parts (including unmanned aircraft), among others.

The notice does not provide technical details for applying the informational materials, donations, and accompanied baggage exceptions; the Section 232 tariff carve-out; or the USMCA exception. That said, the Trump administration has included similar exceptions in both the IEEPA tariffs and the current Section 122 tariff, and the structure of those exceptions would likely inform what USTR is developing for this action.

Additionally, the notice does not address whether the new Section 301 tariffs would stack with the other Section 301 tariffs that USTR is currently developing. Absent contrary guidance from USTR (such as the statement in this notice that products subject to Section 232 tariffs are exempt from the Section 301 tariffs), the default rule is that all applicable tariffs stack with each other.

Call for public input on the proposed action

As part of the determination of responsive action, USTR is inviting public comments on the proposal and will hold a public hearing.[43] The docket for receiving public comments is open from June 2 to July 6, 2026. Stakeholders interested in participating in the public hearing on July 7 should submit a request to appear by June 22, 2026.[44]

USTR's notice provides further details on how to submit comments. USTR is specifically interested in comments on what products should be included in the scope of the action or excluded, whether products listed in Annex A are appropriately excluded; the levels of the proposed tariffs; whether there should be different tariff rates for economies that have made commitments to impose and enforce forced labor import prohibitions, have imposed forced labor import prohibitions, or have imposed a partial prohibition; and the design of the textile and apparel tariff preference and whether similar mechanisms could be developed for other sectors.

The key dates for public engagement are as follows:

- **June 2, 2026:** Comment docket opens
- **June 22, 2026:** Deadline for requests to appear at the hearing.
- **July 6, 2026:** Deadline for written comments.
- **July 7, 2026:** First day of public hearings, which will continue over subsequent days if needed.
- **Five days after the last day of the public hearings:** Deadline for post-hearing rebuttal comments.

The proposed tariff measures will be finalized and implemented after USTR completes the public comment and hearing process. USTR likely intends to be ready to impose the tariffs under this action by the time the 10% global Section 122 tariff expires on July 24, 2026.

Replacing the IEEPA tariffs with Section 301 tariffs

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[43] The public docket for submitting comments is USTR-2026-0265, accessible here: https://comments.ustr.gov/s/docket?docketNumber=USTR-2026-0265.

[44] The public docket for submitting requests to appear at the hearing is USTR-2026-0266, accessible here: https://comments.ustr.gov/s/docket?docketNumber=USTR-2026-0266.

USTR initiated the forced labor Section 301 investigation on March 12, 2026 as part of a broader strategy to rebuild the IEEPA-based tariffs that the Supreme Court ruled were unlawful on February 24, 2026.[45] A few weeks before USTR initiated the Section 301 investigation, President Trump[46] and USTR[47] outlined a plan to replace the IEEPA tariffs using two alternative legal bases:

- **Section 122 of the Trade Act of 1974:** President Trump imposed a temporary 10% global tariff on imports from all countries under Section 122 as a short-term measure on January 24, 2026.[48] Section 122 tariffs can be implemented quickly but are limited to a maximum duration of 150 days and a maximum rate of 15%.
- **Section 301 of the Trade Act of 1974:** President Trump directed USTR to initiate new Section 301 investigations targeting US trade partners, which would provide a legal basis for longer-term tariffs. Unlike Section 122, Section 301 tariffs are not subject to the same practical time or rate limitations.

This two-stage approach enables rapid tariff implementation under Section 122 while using the 150-day window to develop and implement Section 301 tariffs as longer-term trade measures.

The responsive action USTR is proposing in the forced labor Section 301 would, in effect, restore the baseline tariff levels applied under the IEEPA tariffs for trade partners that account for over 99% of goods imported into the United States. Alongside the forced labor imports investigation, USTR also initiated Section 301 investigations into "structural excess capacity and production in manufacturing sectors" of 16 of the United States' largest trading partners, the determinations for which are likely imminent.[49] USTR may initiate additional Section 301 investigations in the near term. When it initially outlined the plan to replace the IEEPA tariffs with Section 301-based measures, USTR stated that it was considering investigations into "pharmaceutical pricing practices, discrimination against US technology companies and digital goods and services, digital services taxes, ocean pollution, and practices related to the trade in seafood, rice, and other products."

Section 232

Trump Administration Issues Guidance for Pharmaceutical Section 232 Tariff Onshoring Agreements

On May 11, 2026, the Department of Commerce Bureau of Industry and Security (BIS) issued a notice outlining how companies may apply for company-specific onshoring agreements under the pharmaceutical Section 232 tariff action.[50] If approved by BIS, these onshoring agreements would reduce the applicable Section 232 tariff from 100% to 20% for qualifying patented pharmaceutical products and ingredients until April 2, 2030.

[45] "Initiation of Section 301 Investigations of Acts, Policies, and Practices of Various Economies Related to the Failure To Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced With Forced Labor," 91 FR 12884 (March 17, 2026), accessible here: https://www.federalregister.gov/documents/2026/03/17/2026-05151/initiation-of-section-301-investigations-of-acts-policies-and-practices-of-various-economies-related.

[46] Truth Social post of February 20, 2026 by President Trump, accessible here: https://truthsocial.com/@realDonaldTrump/posts/116104407604484915.

[47] "Ambassador Greer Issues Statement on Supreme Court IEEPA Decision," USTR, February 20, 2026, accessible here: https://ustr.gov/about/policy-offices/press-office/press-releases/2026/february/ambassador-greer-issues-statement-supreme-court-ieepa-decision.

[48] Presidential Proclamation 11012 of February 20, 2026: "Imposing a Temporary Import Surcharge to Address Fundamental International Payments Problems," 91 FR 9339, accessible here: https://www.federalregister.gov/documents/2026/02/25/2026-03824/imposing-a-temporary-import-surcharge-to-address-fundamental-international-payments-problems.

[49] "Initiation of Section 301 Investigations: Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors," 91 FR 12886 (March 17, 2026), accessible here: https://www.federalregister.gov/documents/2026/03/17/2026-05214/initiation-of-section-301-investigations-acts-policies-and-practices-of-certain-economies-relating.

[50] "Procedures to Apply for Company-Specific Onshoring Agreements to Obtain Tariff Adjustments for Pharmaceuticals and Pharmaceutical Ingredients Under Proclamation 11020," 91 FR 26989 (May 13, 2026), accessible here:

President Trump directed BIS to establish the application process as part of his April 2, 2026 presidential proclamation announcing the Section 232 tariff action.[51] In the proclamation, the Trump administration also announced it had already reached company-specific deals with 13 major pharmaceutical manufacturers, listed in Annex II.[52]

President Trump has been calling for companies to relocate manufacturing to the United States in exchange for tariff exceptions since early 2025, but the BIS notice is the first time the government has issued written guidance explaining what President Trump's statements could mean in practice.

The Section 232 tariff proclamation

On April 2, 2026, President Trump issued a proclamation Section 232 of the Trade Expansion Act of 1962 imposing new tariffs on certain patented pharmaceutical products and ingredients, including active pharmaceutical ingredients (APIs) and key starting materials.[53] The tariffs take effect on either July 31, 2026 or September 29, 2026. The applicable entry-into-force date for a particular company will depend on company-specific determinations to be issued by the US Department of Commerce.

The default tariff rate is 100%, but the proclamation provides opportunities for significant tariff exceptions and reductions incentivizing supply chain onshoring, participation in President Trump's "Most-Favored-Nation" (MFN) pharmaceutical pricing policy, and negotiation of Agreements on Reciprocal Trade (ARTs). Available preferential rates include the following:

- A temporary 20% tariff rate for companies agreeing to relocate manufacturing to the United States, until April 2, 2030.
- A temporary 0% tariff rate for companies that commit to relocate manufacturing to the United States and enter into MFN pricing agreements, until January 20, 2029.
- A permanent 15% tariff rate for certain countries that agree to ARTs with the Trump administration (currently, Japan, the European Union, South Korea, Switzerland, and Liechtenstein).
- A temporary 10% or 0% tariff rate for countries that enter into MFN pricing agreements, until January 20, 2029 (currently, the United Kingdom).
- A 0% tariff for prescription pharmaceuticals made with US-origin APIs.
- Additional tariff exceptions for certain specialty patented pharmaceutical articles.

A product may classify within more than one of these tariff rates, based on country-specific or company-specific deals. Where an entry is classifiable under more than one rate, the proclamation instructs that "the lowest applicable rate shall apply."

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https://www.federalregister.gov/documents/2026/05/13/2026-09489/procedures-to-apply-for-company-specific-onshoring-agreements-to-obtain-tariff-adjustments-for.

[51] Proclamation 11020 of April 2, 2026: "Adjusting Imports of Pharmaceuticals and Pharmaceutical Ingredients Into the United States," 91 FR 18183 (April 9, 2026), accessible here: https://www.federalregister.gov/documents/2026/04/09/2026-06956/adjusting-imports-of-pharmaceuticals-and-pharmaceutical-ingredients-into-the-united-states.

[52] AbbVie Inc.; Amgen Inc.; AstraZeneca Pharmaceuticals, LP; Bristol Myers Squibb; Boehringer Ingelheim Pharmaceuticals, Inc.; Eli Lilly and Company; EMD Serono, Inc.; Genentech, Inc.; Gilead Sciences, Inc.; Merck Sharp & Dohme LLC; Novartis Pharmaceuticals Corporation; Novo Nordisk Inc.; and Sanofi S.A.

[53] Proclamation 11020 of April 2, 2026: "Adjusting Imports of Pharmaceuticals and Pharmaceutical Ingredients Into the United States," 91 FR 18183 (April 9, 2026), accessible here: https://www.federalregister.gov/documents/2026/04/09/2026-06956/adjusting-imports-of-pharmaceuticals-and-pharmaceutical-ingredients-into-the-united-states.

The onshoring plans that would qualify companies for the 20% tariff rate (or 0%, when combined with an MFN deal) are subject to approval, as well as ongoing monitoring and enforcement by Commerce and BIS. If Commerce later determines that a company has not fulfilled its onshoring plan, Commerce may reimpose the higher tariffs with retroactive effect. The proclamation also authorizes Commerce to increase applicable tariff rates, including on a retroactive basis, when it determines that companies are not complying with their agreements. The new BIS notice sets out the procedures necessary to implement this system.

Onshoring agreement applications

The notice provides a general overview of the information applicants should include in each section of the application. Applicants are instructed to complete the specified forms and submit them to BIS by email.[54] The notice states that applicants "are requested" to submit applications by June 12, 2026, which is30 days after the formal publication of the notice.

The application includes the following information:

- Information about the organization, its products, and production.
- The dollar value of the planned US investments during President Trump's term of office (January 20, 2025 to January 20, 2029).
- An "onshoring commitment," in which the company explains what portions of its existing patented product portfolio will be manufactured in the United States. Companies are encouraged to complete this onshoring by the end of President Trump's term of office, although the notice also suggests that BIS may allow flexibility for US Food and Drug Administration (FDA) regulatory approval timelines. FDA regulatory reviews and approvals will generally be required for the facility, production, and ingredient supplier changes needed to satisfy BIS.[55]
- The percentage of the company's US and global sales of patented pharmaceuticals with APIs produced in the United States as of January 20, 2025, and the expected percentage of its US and global sales that will be US-made as of January 20, 2029, on both a unit and revenue basis.
- Various other details of the investment commitment, including (i) descriptions of what parts of the company's product portfolio will not be moved to the United States and the reasons why (BIS notes that approaching patent expirations and small US market sizes are acceptable reasons); (ii) information on the amount that the company commits to spend on new physical facilities in the United States by January 20, 2029; (iii) investment and production milestones through the end of President Trump's term of office; (iv) a commitment to submit audited reports to BIS at least semiannually; (v) a statement of whether the company has entered into, or is pursuing, an MFN Pricing Agreement with the Department of Health and Human Services (HHS), which would further reduce the tariff under the agreement from 20% to 0% until the end of President Trump's term of office; and (vi) a commitment to provide supporting information upon request by BIS.
- Certification from a senior official of the company confirming that the submission is true, accurate, and complete to the best of the company's knowledge, under penalty of perjury, and confirming that the company has conducted reasonable diligence.

BIS review of the applications

[54] The notice states that BIS will post the documents on the Section 232 page of its website, accessible here: www.bis.gov/about-bis/bis-leadership-and-offices/SIES/section-232-investigations.

[55] The FDA has announced a new plan for accelerating some facility reviews related to the Section 232 onshoring plan. See "Commissioner's National Priority Voucher (CNPV) Pilot Program," FDA, April 28, 2026, accessible here: https://www.fda.gov/industry/commissioners-national-priority-voucher-cnpv-pilot-program.

BIS will review the applications and may request additional information, as well as revisions and modifications to the proposals. The notice does not detail the standards BIS will apply in reviewing the applications but notes that decisions will be made on an "individual, fact-specific, company-specific" basis.

There is no timeline for the decision-making process, but BIS notes that it may issue conditional approvals.

Products covered by the tariff preference

To apply the tariff preference to specific imports, BIS will require companies to provide information to identify the qualifying entries. Companies must submit this information as part of the application packet, including HTSUS codes, brand names, country of origin, importer of record information, identifying information for exporters, identifying information for the foreign manufacturing facilities, and US Customs and Border Protection (CBP) Manufacturer Identification Codes (MID). BIS will transmit this information to CBP, which will administer the tariff adjustment at the time of entry summary filing and may request additional documentation to validate entries.

The notice also clarifies the scope of products that qualify for the tariff preference, stating that the preference applies to both (i) the drug manufacturer's branded pharmaceutical products and (ii) associated pharmaceutical ingredients that the drug manufacturer imports into the United States. This addresses the ambiguity in the April 2 proclamation, which described the preference in the HTSUS amendments as applying to patented pharmaceutical articles "imported for companies" with onshoring agreements, but in the main text described the tariff preference as applying to patented pharmaceutical articles "produced by companies" that have onshoring agreements.

The notice further specifies that certain products do not qualify for the preferential tariff. Excluded products include (i) any product produced by companies acquired by the applicant after April 2, 2026; (ii) any product the applicant acquires or licenses after April 2, 2026; and (iii) any product that the applicant "has not itself developed as a majority participant." The limitations were not part of the April 2 proclamation.

ITA Issues Updated Guidance for Vehicle Parts Section 232 Tariff Offset Program

On May 15, 2026, the Department of Commerce International Trade Administration (ITA) issued a notice with revised guidance for the import adjustment offset program under the Section 232 tariffs applicable to (i) automobiles (passenger vehicles such as sedans, sport utility vehicles, crossover utility vehicles, minivans, and cargo vans, and light trucks) and automobile parts; and (ii) medium- and heavy-duty vehicles, buses, and related parts.[56] The program permits manufacturers of finished automobiles and medium- and heavy-duty vehicles in the United States to receive an "import adjustment offset amount" that offsets the 25% Section 232 tariffs paid on imported parts used in US manufacturing through 2030. ITA's notice updates the guidance to reflect the program's application to medium- and heavy-duty vehicle parts and extends the timeframe for using the offset to 2030. President Trump introduced these two changes in the October 2025 presidential proclamation establishing the Section 232 tariffs on medium- and heavy-duty vehicles, buses, and related parts, but the May 15, 2026 notice is the first implementing guidance the government has issued.[57]

Domestic bus manufacturers are not eligible for the offset program. ITA has also excluded heavy truck manufacturers that use imported chassis from eligibility, a restriction that was not part of the original presidential proclamation.

Development of the import adjustment offset program for automobile and medium- and heavy-duty vehicle parts

[56] "Amending the Procedures to Administer Import Adjustment Offset Amounts for Certain Imports of Automobile Parts Under Proclamation 10908 To Include Medium- and Heavy-Duty Vehicle Parts," 91 FR 27914 (May 15, 2026), accessible here: https://www.federalregister.gov/documents/2026/05/15/2026-09782/amending-the-procedures-to-administer-import-adjustment-offset-amounts-for-certain-imports-of.

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

President Trump first announced the tariff offset system in an April 29, 2025 presidential proclamation modifying the Section 232 tariffs on automobiles (passenger vehicles and light trucks).[58] The proclamation provided of the basic framework of the system and directed the Secretary of Commerce to establish the process. ITA then issued the initial procedures in a June 13, 2025 Federal Register notice.[59] Under that original version of the system, automobile manufacturers could obtain an import adjustment offset amount equal to (i) 3.75% of the vehicles' value from April 3, 2025 through April 30, 2026, and (ii) 2.50% of the vehicles' value from May 1, 2026 through April 30, 2027. The 3.75% rate was designed to offset the Section 232 tariffs paid on imported automobile parts accounting for 15% of the finished vehicle's MSRP value.[60]

On October 17, 2025, President Trump expanded the offset program when he issued the Section 232 tariffs on imports of medium- and heavy-duty vehicles, buses, and parts. The October proclamation (i) extended the import adjustment offset program to cover manufacturers of finished medium- and heavy-duty vehicles in the United States that use imported parts through 2030, and (ii) lengthened the duration of the automobile parts offset program to align it with the medium- and heavy-duty vehicle parts program. Under the revised framework, US manufacturers of medium- and heavy-duty vehicles are eligible for an import adjustment offset amount equal to 3.75% of the total value of all their vehicles assembled in the United States per year through October 31, 2030, and automobile manufacturers are eligible for an equivalent 3.75% offset of the aggregate value of all automobiles assembled in the United States per year through April 30, 2030.

The October 2025 proclamation stated that the Department of Commerce and US Customs and Border Protection (CBP) would issue further instructions for implementing the expanded offset program, which ITA's May 2026 notice now provides.[61] Effective May 15, 2026, the guidance in the May 15, 2026 notice fully replaces the guidance in the June 13, 2025 notice.

The revised guidance

The May 15, 2026 notice amends the procedures that ITA had established in the June 2025 notice to (i) allow domestic manufacturers of medium- and heavy-duty vehicles to claim import adjustment offsets for imports of medium- and heavy-duty vehicle parts and automobile parts, and (ii) update the guidance for domestic automobile manufacturers to align it with the changes established in the October 2025 proclamation. In addition, given the overlap between automobile and medium- and heavy-duty vehicle supply chains, ITA is allowing manufacturers of automobiles and medium- and heavy-duty vehicles to claim the offset for both automobile and medium- and heavy-duty vehicle parts.

Domestic manufacturers of medium- and heavy-duty vehicles can begin applying for the import adjustment offset on May 15, 2026, with the tariff modifications for those vehicles applying retroactively to November 1, 2025. Domestic automobile manufacturers, which have been using the system under the June 2025 guidance, transition to the revised guidance on May 15, 2026.

The program runs through October 31, 2030 for medium- and heavy-duty vehicle manufacturers and through April 30, 2030 for automobile manufacturers. For medium- and heavy-duty vehicle manufacturers, qualifying production is measured in annual periods from November 1 to October 31 of the following year, beginning on November 1, 2025.

[58] Presidential Proclamation 10925 of April 29, 2025: "Amendments to Adjusting Imports of Automobiles and Automobile Parts into the United States," 90 FR 18899 (May 2, 2025), accessible here: https://www.federalregister.gov/documents/2025/05/02/2025-07833/amendments-to-adjusting-imports-of-automobiles-and-automobile-parts-into-the-united-states.

[59] "Procedures to Administer Import Adjustment Offset Amounts for Certain Imports of Automobile Parts Under Proclamation 10908, as Amended;" 90 FR 25027 (June 13, 2025), accessible here: https://www.federalregister.gov/documents/2025/06/13/2025-10740/procedures-to-administer-import-adjustment-offset-amounts-for-certain-imports-of-automobile-parts.

[60] The calculation is 3.75% offset / 25% Section 232 tariff rate = 15% of vehicle value in dutiable imports.

[61] On October 31, 2025, CBP issued updated guidance to importers for using the automobile parts offset system, but it did not address the new medium- and heavy-duty vehicle parts offset. See CSMS # 66684128 - GUIDANCE: Duty Offset for Imports of Automobile Parts, CBP, October 31, 2025, accessible here: https://content.govdelivery.com/accounts/USDHSCBP/bulletins/3f984e0.

For automobile manufacturers, qualifying production is measured in annual periods from May 1 to April 30 of the following year (except for the first period, which runs from April 5, 2025 to April 30, 2026).[62] The offset amounts may be carried forward indefinitely until they are fully exhausted.

Application procedures

- **Application requirements:** Manufacturers must apply for the offset for each annual period. The application must include (i) a production forecast for the period by vehicle make, model, and factory; (ii) the aggregate value of the forecast production (excluding the engine value); (iii) final production and value data for the prior annual period; (iv) an estimate of total Section 232 tariff liability, broken out between tariffs to be paid directly by the manufacturer and tariffs to be paid by its suppliers (excluding tariffs on engines); (v) the total requested import adjustment offset amount; (vi) a list of importers of record (IORs) that will claim the offset when importing parts for the manufacturer and the amount of the total offset allocated to each IOR; (vii) a certification by the manufacturer of the application's accuracy; and (viii) any other information the applicant considers relevant.

- **Review and approval:** ITA will review applications and may request supplemental information. Once an application is approved, ITA will notify the manufacturer and transmit the approved import adjustment offset amounts and associated IOR data to CBP.

- **Usage at importation:** CBP will administer the offset at the time of entry summary filing and may request additional documentation to validate entries. Offset amounts may be claimed only by the approved IORs, used only to reduce Section 232 tariff liability on covered automobile parts and medium- and heavy-duty vehicle parts, may not exceed the manufacturers' total tariff liability, and may not be transferred.

- **Oversight and adjustments:** The notice provides that penalties may be imposed where applications or supporting submissions include inaccurate, incomplete, or false information. ITA intends to monitor compliance, and CBP may use its standard enforcement authorities to ensure importer compliance.

Import adjustment offset for engine parts is still under development

The October 2025 proclamation also directed the Department of Commerce to establish an import adjustment offset program for US manufacturers of medium- and heavy-duty vehicle and automobile engines to mitigate the Section 232 tariff burden on imported engine parts. According to the May 2026 notice, the engine-related offset program is not yet operational, stating the "import adjustment offset process will be amended at a later date to establish an equivalent process for domestic manufacturers of automobile engines and medium- and heavy-duty vehicle engines[.]"

Because ITA is still developing the import adjustment offset program for engine components, the value of engines incorporated into finished automobiles or medium- and heavy-duty vehicles is excluded from the value calculations in the May 15, 2026 guidance.

"Limited production operations" for heavy-duty vehicles are excluded

ITA has chosen to narrow the scope of manufacturers that may claim the offset to "exclude assembly operations determined to be 'limited production operations' from being considered in the calculation of offsets." According to the notice, this exclusion is needed to protect the US industry from the national security threat associated with imports of vehicle parts. The definition of "limited production operations" will be determined separately for each class of covered vehicle.

For the moment, the exclusion only applies to heavy-duty vehicle classes (Class 7 and Class 8 vehicles). For heavy-duty vehicles, US production that includes incorporating an imported chassis, chassis glider, chassis with engine, or

[62] The notices do not explain why the starting day of the first period for the automobile parts offset program was shifted from April 3, 2025 to April 5, 2025.

engine in the vehicle constitutes “limited production operations.” Such operations are excluded from eligibility for the offset program.

ITA is not applying the “limited production operations” principle to any automobile or medium-duty vehicle classes at this time, stating that it “will further consider this issue and amend the Offset Process at a later date once it makes a determination.”

Bus manufacturers are excluded

Domestic bus manufacturers are not eligible for the offset program. The May 2026 notice states that “Commerce is still considering if and how the Offset Process should apply to manufacturers based on bus production; no determination regarding the availability of such offsets has yet been made.”

Trade Agreements

United States and China Hold Summit to Manage Trade Tensions

On May 14-15, 2026, President Donald Trump and President Xi Jinping met in Beijing, China for a bilateral summit. While the two leaders did not conclude any major agreements or issue a joint statement, the meeting yielded commitments to address specific trade-related challenges and to establish new consultation mechanisms.[63] Most significantly, the two governments announced plans to establish a Board of Trade, which is apparently intended to support mutual tariff reductions on roughly $30 billion in nonsensitive goods from each country, and a Board of Investment to oversee investment issues. Statements issued separately by both governments also suggest the countries have agreed to lift certain regulatory barriers to food trade, though they differ on the specifics. China has also reportedly agreed to purchase at least $17 billion per year in US agriculture products in 2026-2028 and to authorize Chinese airlines to procure aircraft from US manufacturers, though China's statements are less detailed than the US statements. The details of all the arrangements appear to remain under negotiation.

The summit represents the first visit by a US president to China since 2017 and the second bilateral summit between President Trump and President Xi in the past year, following their October 2025 meeting in Busan, South Korea. Several more meetings in 2026 are likely, including alongside the United Nations General Assembly meetings in September and the leaders' meetings for the United States' G20 host year and China's APEC host year.

The one-year trade war de-escalation agreement

On October 30, 2025, the United States and China announced a third temporary agreement to de-escalate the US-China trade war, which the Trump administration had significantly escalated in its early months. The agreement encompassed a broad range of measures: (i) it suspended recently unveiled Chinese export controls on critical minerals as well as US expansions of the export control regime; (ii) reduced US tariffs on imports from China and China's corresponding retaliatory tariffs; (iii) delayed scheduled tariff increases; (iv) suspended new vessel service fees imposed by both governments; (v) suspended various entity-specific enforcement actions taken by China; and (vi) committed China to resuming purchases of US soybeans. Unlike the previous two de-escalation agreements, each of which only lasted for 90 days, the current arrangement is scheduled to last for one year, through early November 2026. The specific terms of the agreement remain unclear, as neither government has published an official text.

In recent months, the average US tariff on imports from China has declined further, with the Trump administration temporarily replacing the 20% cumulative International Emergency Economic Powers Act (IEEPA) tariff on imports from China with the global 10% Section 122 tariff. Even so, average tariffs on imports from China continue to exceed those applied to other countries, owing to the2018 Section 301 tariffs, which apply exclusively to China.

Cabinet-level meetings and preparation ahead of the summit

The Trump-Xi summit was originally scheduled for late March 2026 but was delayed due to the US war with Iran. Although the war remains ongoing and tensions between the United States and China over the war have intensified, the governments proceeded with the rescheduled summit.

In preparation for the original March summit, senior officials met in Paris on March 15 and 16, 2026, where they reportedly reached general agreements on the types of outcomes they sought from the summit. Ahead of the new

[63] For statements from the government of China, see, "Xi Jinping talks with US President Donald Trump," MOFCOM, May 14, 2026, accessible here: https://www.mofcom.gov.cn/xwfb/ldrhd/art/2026/art_932307bfbbcf4508a51d4977823257a9.html; and "Xi Jinping and US President Trump met in Zhongnanhai on a small scale," MOFCOM, May 15, 2026, accessible here: https://www.mofcom.gov.cn/xwfb/ldrhd/art/2026/art_f30aec2839fa48f4b900964b83967ad7.html; and "The spokesperson of the Ministry of Commerce answered reporters' questions on the preliminary results of the Sino-US economic and trade consultations," MOFCOM, May 16, 2026, accessible here: https://www.mofcom.gov.cn/xwfb/xwfyrth/art/2026/art_2ff1de0282be42ab87201b69a9fcb008.html (all in Chinese). For the US statement, see "President Donald J. Trump Secures Historic Deals with China, Delivering for American Workers, Farmers, and Industry," White House May 17, 2026, accessible here: https://www.whitehouse.gov/fact-sheets/2026/05/fact-sheet-president-donald-j-trump-secures-historic-deals-with-china-delivering-for-american-workers-farmers-and-industry/.

May summit dates, cabinet officials held a series of calls on April 30, with Vice Premier He Lifeng speaking with Secretary of the Treasury Scott Bessent and United States Trade Representative (USTR) Jamieson Greer, and Foreign Minister Wang Yi speaking to Secretary of State Marco Rubio.

A day before the summit, Secretary Bessent met with Vice Premier He and Vice Commerce Minister Li Chenggang (China's trade negotiation lead) in South Korea, apparently to discuss last minute preparations for the leaders' summit. Secretary Bessent also met with Korean and Japanese leadership during the trip, with the meetings reportedly including discussions of the US-China meetings, foreign investment security policy, critical minerals trade, foreign exchange management practices (including Secretary Bessent endorsing Japan's recent efforts to support the value of the Japanese yen), and the status of the Trump administration's trade deals.

Outcomes of the summit

The specific policy outcomes from the May 2026 summit appear limited in scope, mostly addressing recent disruptions to agricultural trade and making general commitments to reduce certain tariffs in the future under the newly established Board of Trade framework. Based on the various official statements and media comments surrounding the summit, the new agreements appear to include the following.

- **Board of Trade and Board of Investment (and potential future tariff reductions):** Several days after the summit, both countries announced agreements to establish a "Board of Trade" and a "Board of Investment" to assist with managing the bilateral trade and investment relationship, though neither government's statement elaborated on the specifics.

  Ambassador Greer stated that the Board of Trade would facilitate mutual tariff reductions on approximately $30 billion of non-sensitive goods from both countries. In an interview during the summit, he compared the potential tariff modifications to the exceptions for energy, mineral, and fertilizer products in the Section 122 and IEEPA tariffs.[64] China described the arrangement similarly, stating the two sides have agreed in principle to reciprocally reduce certain tariffs as part of the Board of Trade framework.

  Update (June 2, 2026): USTR has issued a call for input to inform the US-China Board of Trade negotiations. See the next section for further discussion.

  The US statement describes the Board of Investment as "a government-to-government forum for discussing investment-related issues." Secretary Bessent has stated the Board of Investment would assist in reviewing investment transactions prior to their referral to the Committee on Foreign Investment in the United States (CFIUS).

  Previous presidential administrations have also established standing bilateral bodies to manage US-China economic discussions, including the Bush administration-era Strategic Economic Dialogue, the Obama administration-era Strategic and Economic Dialogue, and the first Trump administration's short-lived Comprehensive Economic Dialogue. These bodies successfully built bilateral cooperation across a broad range of policy issues, but many Washington policymakers now view the consultation model as having failed to resolve larger, fundamental disputes between the two governments. Unlike those prior cooperative frameworks, the newly proposed bodies appear focused on managing conflict and maintaining "constructive strategic stability" while the Trump administration pursues selective decoupling from China.

- **Agriculture and meat product import licensing:** The two countries agreed to address certain regulatory barriers affecting bilateral trade in chicken, beef, and certain agricultural products, though the respective government statements differ on some details.

[64] See Bloomberg, "US Expects China to Commit Billions for American Farm Goods, Greer Says," May 14, 2026, accessible here: https://www.bloomberg.com/news/articles/2026-05-15/us-expects-dramatic-agricultural-purchases-by-china-greer-says.

- **China to renew US beef import permits:** Ahead of the summit, the General Administration of Customs renewed 425 expired establishment registrations and issued 77 new establishment registrations for US beef producers in the China Import Food Enterprise Registration (CIFER). China had allowed the permits to expire without normal renewals over the past year. The US statement also notes that China will further "work with U.S. regulators to lift all suspensions of U.S. beef facilities."
- **Certain avian influenza restrictions on poultry to be lifted:** Both governments' statements refer to an agreement to address health-related restrictions on poultry imports. The US statement notes that China has resumed poultry imports from US states classified as free of Highly Pathogenic Avian Influenza (HPAI) by the US Department of Agriculture. China's statement also notes its intention to resolve US concerns, but adds that the United States will address Chinese concerns regarding the designation of HPAI-free zones in Shandong province.
- **Other licensing concerns raised by China:** China has also stated that the United States will resolve its concerns regarding the automatic detention of dairy and aquatic products as well as restrictions on penjing plants in growing media. These matters are not referenced in the US statements.

- **Agriculture purchase commitments:** According to the US statement, China has agreed to "purchase at least $17 billion per year of U.S. agricultural products in 2026 (prorated), 2027, and 2028," in addition to the current soybean purchase commitments. The specific terms of this commitment have not been publicly disclosed. For context, the United States exported $8.4 billion in agricultural products to China in 2025 and $24.4 billion in 2024, suggesting that the $17 billion target is intended to restore bilateral agricultural trade to approximately the midpoint between those two years.

  China's statements reference an agreement to expanding agricultural trade but do not specify purchase commitments by dollar amount. Notably, China's statement links the agriculture trade plan to an arrangement for mutual tariff reductions on certain products, which it does not describe in detail.

- **Aircraft purchases:** President Trump announced that China has agreed to order 200 new aircraft from Boeing, while China stated that it has reached an arrangement for procurement of new US aircraft and engines. The details of the orders, which would be placed separately by Chinese airlines, are not publicly available. Boeing's stock price fell after the announcement, as markets had expected a larger order volume. China has significantly scaled back orders of US aircraft since trade tensions first emerged in President Trump's first term in office.

Recent dispute escalation

Disputes related to sanctions and other economic security measures escalated in the weeks leading up to the summit, though not to the same extent as the escalations preceding US-China meetings in 2025. Recent policy developments disrupting the trade relationship include expansions of US secondary sanctions targeting Iran's foreign trade, China's corresponding sanctions-blocking actions, new US Section 301 tariff threats, continuing mutual export control threats, and new measures from the US Federal Communications Commission (FCC) restricting technology trade. Despite these developments, the Trump administration has, in recent months, generally refrained from the immediate imposition of new Section 232 tariffs, declined to impose immediate tariffs under the Section 301 investigation of China's semiconductor industry, and paused most of the Bureau of Industry and Security's (BIS) pending export control policy changes and potential new product restrictions under the Information and Communications Technology and Services (ICTS) Rule.

- **New supply chain security and sanctions blocking regulations by China:** China has recently promulgated two significant regulatory instruments that expand the legal framework governing supply chain security and extraterritorial jurisdiction. On March 31, 2026, the State Council issued the Regulations on Industrial and Supply Chain Security (State Council Order No. 834), which establish a new legal framework for safeguarding the security and stability of China's industrial and supply chains.[65] On April 7, 2026, the State Council issued the Regulations on Countering Improper Extraterritorial Jurisdiction by Foreign States, which builds on China's existing counter-sanctions and trade security regimes, including the Anti-Foreign Sanctions Law, the Export Control Law, and other provisions to establish a formalized legal framework for identifying and responding to foreign laws, regulations, and enforcement actions that Chinese authorities identify as "improper exercises of extraterritorial jurisdiction."[66] Taken together, these measures provide Chinese authorities wider latitude to scrutinize due diligence activities, respond to extraterritorial trade and sanctions measures affecting China's interests, and impose countermeasures that may extend across corporate groups.

In Washington, both actions were widely viewed as retaliatory tools directed at the United States. Secretary Bessent raised the regulations in one of his recent calls with Chinese government counterparts, calling them "provocative extraterritorial regulations," but the Trump administration has not taken any action in response.[67]

- **Growing Iran war-related sanctions disputes:** The Trump administration has expanded its use of secondary sanctions in recent weeks, attempting to cut off Iran's energy exports. As part of these actions, the US Treasury sanctioned the largest independent oil refinery in China on April 24, 2026.[68] China responded with the first use of its expanded sanctions blocking rules, issuing a blocking order on the enforcement of US sanctions on five Chinese refinery companies.[69] Following the summit, President Trump indicated to the media that he is considering withdrawing the sanctions.

  During the summit, China announced a second blocking order under the new regulations, blocking the European Union's cross-border subsidy investigation on Nuctech under the EU Foreign Subsidy Regulation (FSR).[70]

- **US export control actions have been limited, but Congress is pushing for action:** As part of the de-escalation agreement, the Trump administration has suspended implementation of the Affiliates Rule for one year and appears to have paused several other advanced semiconductor export control actions. Though introduction of new rules has slowed, enforcement activity targeting advanced semiconductor-related exports to China is continuing. BIS has recently announced resolutions of several significant semiconductor-related export control enforcement actions that have a China nexus. In the weeks preceding the summit, BIS also quietly used is-informed letters[71] to restrict exports of semiconductor manufacturing equipment to certain users in China, an action that BIS has not publicly explained. The Trump administration employed a similar strategy to discreetly increase export control pressure on China in 2025.

  China hawks in Congress have begun pressing the Trump administration to strengthen export controls, expressing concern that President Trump's compromises with China and recent deals with US companies to waive certain export controls are weakening the export control system. In the past few months, Congress has advanced a wide range of proposals to implement advanced semiconductor export controls into law and to

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[65] Regulations on Industrial and Supply Chain Security, State Council, Order No. 834, March 31, 2026, accessible here: https://www.gov.cn/zhengce/zhengceku/202604/content_7064838.htm (in Chinese).

[66] Regulations on Countering Improper Extraterritorial Jurisdiction by Foreign States, State Council, Order No. 835, April 7, 2026, accessible here: https://www.gov.cn/zhengce/zhengceku/202604/content_7065399.htm (in Chinese).

[67] X post of April 30, 2026 by Secretary Bessent, accessible here: https://x.com/SecScottBessent/status/2049901834660122825.

[68] "Economic Fury Targets Global Network Fueling Iran's Oil Trade and Shadow Fleet," US Department of the Treasury, April 24, 2026, accessible here: https://home.treasury.gov/news/press-releases/sb0472.

[69] "The Ministry of Commerce Announcement No. 21 of 2026 announced a blocking ban on the United States imposing sanctions on five Chinese companies related to Iranian oil," MOFCOM, May 2, 2026, accessible here: https://www.mofcom.gov.cn/zwgk/zcfb/art/2026/art_0ff88c45f1974962a539775085014888.html (in Chinese).

[70] "The Ministry of Justice issued an announcement on the EU's foreign subsidy investigation practices constituting improper extraterritorial jurisdiction," Ministry of Justice, May 15, 2026, accessible here: https://www.moj.gov.cn/pub/sfbgw/gwxw/xwyw/202605/t20260515_535047.html (in Chinese).

[71] An "is-informed" letter is a formal, confidential notification issued by BIS to a specific exporter, advising that a US export license is required for a particular transaction or end-user even where the Export Administration Regulations would not otherwise mandate one.

expand the controls further. The House Committee on Foreign Affairs approved 15 export control-related bills in an April 22, 2026 markup,[72] and the full House passed the Remote Access Security Act in January 2026.[73] None of these proposals has yet been enacted into law, and their legislative prospects remain uncertain.

For congressional supporters seeking to advance these bills, the 2027 National Defense Authorization Act (NDAA) would be the most likely path forward. Congress is planning to hold markups for the 2027 NDAA in June. In response to the April 22 markup, China issued a statement indicating that it is monitoring the legislative process and "will resolutely take necessary measures to firmly safeguard the legitimate rights and interests of Chinese enterprises."[74]

- **New Trump administration technology restrictions target China:** While the Trump administration has paused economic security policy actions at BIS as part of the de-escalation agreement with China, the FCC has expanded its own activities to restrict technology trade. Since November 2025, the FCC has added unmanned aerial vehicles (UAVs)[75] and internet routers[76] to the FCC Covered List, prohibiting the issuance of required licenses unless the products meet domestic content and security requirements.[77] Though the listings have a global impact, the company-specific exceptions granted by the FCC suggest that excluding China-linked companies specifically from the US market may be one policy objective of the listings. The FCC is reportedly considering a similar listing action that would prohibit Chinese cellular modules.

  A few weeks before the summit, on April 30, 2026, the FCC initiated two major rulemaking actions explicitly targeting China:

  1. A proposed rule to prohibit recognition of electronic device test labs in countries that do not have reciprocity agreements to recognize American test labs and certification bodies.[78] The main impact of the action would be to prevent use of test labs in China, which the FCC states handle about 75% of testing for US electronics.

  2. A proposed rule to expand the scope of FCC Covered List designations of specific companies, which would allow the FCC to prohibit listed companies from interconnecting with US telecommunication services or operating data centers and Points of Presence (PoPs) in the United States.[79] Most companies on the FCC

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[72] "Chairman Mast, HFAC, Advances MATCH Act," House Committee on Foreign Affairs, April 22, 2026, accessible here: https://foreignaffairs.house.gov/news/press-releases/chairman-mast-hfac-advances-match-act; and House Committee Markup on Various Measures, 119th Congress (2025-2026), accessible here: https://www.congress.gov/event/119th-congress/house-event/119191.

[73] S.3519 - Remote Access Security Act, 119th Congress (2025-2026), accessible here: https://www.congress.gov/bill/119th-congress/senate-bill/3519; and H.R.2683 - Remote Access Security Act 119th Congress (2025-2026), accessible here: https://www.congress.gov/bill/119th-congress/house-bill/2683.

[74] "A spokesperson for the Ministry of Commerce answered reporters' questions on the passage of MATCH and other bills by the U.S. House of Representatives Foreign Affairs Committee," MOFCOM, April 25, 2026, accessible here: https://www.mofcom.gov.cn/xwfb/xwfyrth/art/2026/art_17f1a09c85b1478c95f5e8c29b146cae.html (in Chinese).

[75] Public Notice: "Public Safety and Homeland Security Bureau Announces Addition of Uncrewed Aircraft Systems (UAS) and UAS Critical Components Produced Abroad, and Equipment and Services Listed in Section 1709 of the FY2025 NDAA, to FCC Covered List," FCC, December 22, 2025, accessible here: https://docs.fcc.gov/public/attachments/DA-25-1086A1.pdf; and "FCC Updates Covered List to Add Certain UAS and UAS Components," FCC, December 22, 2025, accessible here: https://www.fcc.gov/document/fcc-updates-covered-list-add-certain-uas-and-uas-components-0.

[76] Public Notice: "FCC'S Public Safety and Homeland Security Bureau Announces Addition of Routers Produced in Foreign Countries to FCC Covered List," FCC, March 23, 2026, accessible here: https://docs.fcc.gov/public/attachments/DA-26-278A1.pdf; and "FCC Updates Covered List to Include Foreign-Made Consumer Routers," FCC, March 23, 2026, accessible here: https://www.fcc.gov/document/fcc-updates-covered-list-include-foreign-made-consumer-routers.

[77] "List of Equipment and Services Covered By Section 2 of The Secure Networks Act," FCC, accessible here: https://www.fcc.gov/supplychain/coveredlist.

[78] "FCC Targets Device Test Labs in Nations Without Reciprocal Agreements," FCC, April 30, 2026, accessible here: https://www.fcc.gov/document/fcc-targets-device-test-labs-nations-without-reciprocal-agreements.

[79] "FCC Targets 'Covered List' Entities' Blanket Sec. 214 Authorizations," FCC, April 30, 2026, accessible here: https://www.fcc.gov/document/fcc-targets-covered-list-entities-blanket-sec-214-authorizations.

Covered List are Chinese telecommunication equipment and services providers, including China Mobile, China Telecom, and China Unicom.

Responding to the two proposed rules, China stated that the FCC's actions would violate the November de-escalation agreement, called for their withdrawal, and pledged to "take necessary measures to firmly safeguard the legitimate rights and interests of Chinese enterprises."[80]

- **Recent tariff actions implicating China:** The Trump administration is currently carrying out a wide range of Section 301 and Section 232 investigations, some of which are global in scope while others target China specifically.

  Specific to China, USTR is conducting a Section 301 investigation into China's compliance with the 2020 Phase One Agreement, which it launched shortly before the announcement of the November de-escalation agreement,[81] and launched the second four-year review of the Section 301 tariffs on China on May 6, 2026, a few days before the summit.[82]

  Even in the global investigations, China appears to be a major target. The Section 301 investigations into forced labor imports and industrial excess capacity both include China among the target economies, and the specific issues raised – forced labor in international supply chains and global trade distortions caused by subsidized overproduction – are typically a focus of US trade concern with China specifically. China appears to have taken note of this targeting, initiating two trade barrier investigations targeting the United States in response.[83] Ambassador Greer has implied in public remarks that the Section 301 investigations would result in new tariff levels on imports from China that are similar to the limits established in the November de-escalation agreement.

  In contrast with the threats of potential future Section 301 actions targeting China, the Trump administration declined to impose tariffs on imports from China in the Section 301 investigation of China's acts, policies, and practices related to targeting of the semiconductor industry for dominance.[84] In the notice of action published in December 2025, USTR stated that it had reached an affirmative determination in the investigation, but the responsive action would be to impose a "tariff level of 0 percent."

  The Trump administration has also slowed the pace and impact of Section 232 tariff actions in recent months, declining to adopt immediate tariffs in the semiconductor and processed critical mineral Section 232 actions, which would have fallen heavily on products imported from China; exempting generic pharmaceuticals and

[80] "The spokesperson of the Ministry of Commerce answered reporters' questions on the Federal Communications Commission's review and approval of relevant restrictions in the field of testing, certification and telecommunications," MOFCOM, May 1, 2026, accessible here: https://www.mofcom.gov.cn/xwfb/xwfyrth/art/2026/art_4e55588702b4431389593c129f9af20b.html.

[81] "Initiation of Section 301 Investigation: China's Implementation of Commitments Under the Phase One Agreement; Notice of Hearing; and Request for Public Comments," 90 FR 48733 (October 28, 2025), accessible here: https://www.federalregister.gov/documents/2025/10/28/2025-19679/initiation-of-section-301-investigation-chinas-implementation-of-commitments-under-the-phase-one.

[82] "Initiation of Second Four-Year Review Process: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation," 91 FR 24636 (May 6, 2026), accessible here: https://www.federalregister.gov/documents/2026/05/06/2026-08806/initiation-of-second-four-year-review-process-chinas-acts-policies-and-practices-related-to.

[83] "The spokesperson of the Ministry of Commerce answered reporters' questions on the launch of two trade barrier investigations against the United States," MOFCOM, March 27, 2026, accessible here: https://www.mofcom.gov.cn/xwfb/xwfyrth/art/2026/art_ee17eb5bcfa04653b0f5f66c13466c74.html (in Chinese); "The Ministry of Commerce Announcement No. 17 of 2026 announced the launch of a trade barrier investigation into the practices and measures related to the United States to undermine the global production and supply chain," MOFCOM, April 27, 2026, accessible here: https://www.mofcom.gov.cn/zwgk/zcfb/art/2026/art_a87743853da94b22ace113ee98591fa5.html (in Chinese); and "The Ministry of Commerce Announcement No. 18 of 2026 announced the launch of a trade barrier investigation into the practices and measures related to the United States that hinder the trade of green products," MOFCOM, March 27, 2026, accessible here: https://www.mofcom.gov.cn/zwgk/zcfb/art/2026/art_0385344025b549c3b049ec85fa9dd90b.html (in Chinese).

[84] "Notice of Action: China's Acts, Policies, and Practices Related to Targeting of the Semiconductor Industry for Dominance," 90 FR 60848 (December 29, 2025), 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.

ingredients from the pharmaceutical Section 232 tariff action, most of which are imported from China and India; and appearing to delay the results of other Section 232 investigations.

USTR Invites Public Comments on Potential Tariff Reductions under the US-China Board of Trade

On June 2, 2026, the Office of the United States Trade Representative (USTR) issued a Request for Comments inviting interested parties to provide input for US negotiations with China aimed at improving bilateral trade in non-sensitive products and promoting greater reciprocity and balance in the US-China trade relationship.[85] In the accompanying press release, USTR emphasized that "Under President Trump's leadership, the United States and China have established a Board of Trade to ensure that trade with China is more balanced and beneficial for Americans."[86] As the first action under this new arrangement, the Request for Comments invites interested stakeholders to submit comments on which products should be considered for tariff modifications.

This initiative builds on a series of high-level diplomatic engagements, including talks in Paris and Seoul and President Trump's May 2026 visit to Beijing, which culminated in an agreement between President Trump and President Xi Jinping to establish a new government-to-government mechanism, the US-China Board of Trade, to manage bilateral trade in non-sensitive products on an ongoing basis.[87] While both sides acknowledged they had agreed to create the Board of Trade at the summit, the statements that followed the summit provided no details on its structure or operation.

The Board of Trade in practice

Each side intends to identify non-sensitive products and agree to adjust certain non-MFN tariffs, with the United States considering favorable adjustments to additional tariffs imposed under "certain US authorities," such as Section 232 and Section 301, provided such changes are consistent with US law and do not undermine US economic or national security interests. China would make equivalent adjustments to tariffs it has imposed on US goods in retaliation for the US tariffs. The governments have agreed that cumulative tariff reductions should apply to approximately US$30 billion of non-sensitive goods from each country.

The tariff reductions will not take effect immediately, with USTR noting that the two governments would still have to negotiate over the specific modifications after the proposals are developed. Beyond the need for further negotiation, implementing the agreed-upon tariff reductions would have to go through any applicable legal procedures.

The USTR notice also underscores that, as long as China maintains non-market policies and practices, including disregard for intellectual property rights, subsidies and other industrial policies creating systemic overcapacity and overproduction in industrial sectors, deeply entrenched market access barriers, and limited regulatory transparency, the United States will likely continue to rely on tariffs and other available tools to manage trade with China.

USTR seeks input on product coverage, tariff reductions, and governance of the Board of Trade

USTR is seeking stakeholder input on a range of product-eligibility questions to inform the composition of any tariff-modification arrangement. Commenters are asked to identify which Chinese products or sectors should be

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[85] "Request for Comments on the Scope and Operation of a Mechanism to Promote Reciprocal Managed Trade with China," advance copy of the *Federal Register* notice, June 2, 2026, accessible here: https://ustr.gov/sites/default/files/files/Press/Releases/2026/June%202%20FRN%20FINAL%20for%20upload.pdf.

[86] " USTR Seeks Public Comment on the Scope and Operation of a Mechanism to Promote Balanced and Reciprocal Trade with China," USTR, June 2, 2026, accessible: https://ustr.gov/about/policy-offices/press-office/press-releases/2026/june/ustr-seeks-public-comment-scope-and-operation-mechanism-promote-balanced-and-reciprocal-trade-china.

[87] "President Donald J. Trump Secures Historic Deals with China, Delivering for American Workers, Farmers, and Industry," White House, May 17, 2026, accessible here: https://www.whitehouse.gov/fact-sheets/2026/05/fact-sheet-president-donald-j-trump-secures-historic-deals-with-china-delivering-for-american-workers-farmers-and-industry/; and "The spokesperson of the Ministry of Commerce answered reporters' questions on the preliminary results of the Sino-US economic and trade consultations," MOFCOM, May 16, 2026, accessible here (in Chinese): https://www.mofcom.gov.cn/xwfb/xwfyrth/art/2026/art_2ff1de0282be42ab87201b69a9fcb008.html.

considered non-sensitive from an economic, national security, and supply chain resilience standpoint, and which Chinese products currently subject to additional US tariffs should be imported at lower, including only MFN (Column 1), tariff rates, with data requested at the HS 8-digit level and covering average annual import values for 2022-2024. USTR is also seeking views on which US consumers, workers, and producers would benefit from or be adversely affected by any such tariff modifications.

On the export side, USTR asks which US products currently subject to additional Chinese tariffs should be able to access the Chinese market at MFN rates, and whether there are US goods that China continues to purchase, or would likely purchase, notwithstanding Chinese tariff rates above MFN levels.

In addition to product-eligibility questions, USTR is seeking input on the governance and design of the Board of Trade itself, including how often the Board should convene to effectively monitor bilateral trade flows in terms of dollar value and timing, how it should determine whether to modify the composition or scope of identified non-sensitive products, and what mechanism should be established to ensure effective sharing of trade data between both sides.

Filing comments

Interested stakeholders should submit comments to the docket by July 10, 2026. Rebuttal comments and other responses should be submitted by July 27, 2026 to a separate docket.[88] The notice provides further filing instructions.

Trump Administration Implements Certain Tariff-Related Elements of the US – Tawain Trade Deal

On May 27, 2026, the US Department of Commerce (Commerce) and the Office of the United States Trade Representative (USTR) issued a *Federal Register* Notice (FRN)[89] implementing certain tariff reductions agreed to in the "Memorandum of Understanding Between the Taipei Economic and Cultural Representative Office in the United States and the American Institute in Taiwan Relating to Taiwan-US Investment" (MOU).[90] The FRN modifies Section 232 tariff reductions and exclusions for specified wood products, automobile parts, and aircraft parts, effective May 1, 2026. It does not implement the semiconductor-related Section 232 tariff preferences described in the MOU.

The MOU and the Agreement on Reciprocal Trade

Unlike most of its other trade deals, which were concluded through a single instrument, the Trump administration concluded the Taiwan agreement in two stages. First, the US Department of Commerce led the development of an MOU with Taiwan, and then USTR led the conclusion of the Agreement on Reciprocal Trade (ART) a month later.

- **MOU:** On January 15, 2026, the parties signed an Investment Memorandum of Understanding (MOU) premised on Taiwan's planned $250 billion in semiconductor investments. The MOU provides tariff-free quotas for Taiwanese companies establishing new semiconductor production capacity and includes various other commitments to reduce certain Section 232 tariffs, exempt Taiwanese aircraft components from all tariffs, and cap the now-defunct reciprocal tariff at 15%, down from the original 20% rate.
- **ART:** On February 12, 2026, both sides concluded the "Agreement Between the American Institute in Taiwan and the Taipei Economic and Cultural Representative Office in the United States on Reciprocal Trade Between

[88] The dockets, USTR-2026-0430 "Request for Comments on the Scope and Operation of a Mechanism to Promote Reciprocal Managed Trade with China" and USTR-2026-0431 "Rebuttal/Response to Comments on the Scope and Operation of a Mechanism to Promote Reciprocal Managed Trade with China," will be hosted on the USTR comments portal, accessible here: https://comments.ustr.gov/s/.

[89] "Implementing Certain Tariff-Related Elements of a Trade and Security Agreement Between the American Institute in Taiwan and the Taipei Economic and Cultural Representative Office in the United States," 91 FR 31818 (May 28, 2026), accessible here: https://www.federalregister.gov/documents/2026/05/28/2026-10571/implementing-certain-tariff-related-elements-of-a-trade-and-security-agreement-between-the-american.

[90] Neither government has published a full copy of the MOU. For a summary of its content, see the Commerce press release, "Restoring American Semiconductor Manufacturing Leadership Through an Agreement on Trade & Investment with Taiwan," January 15, 2026, accessible here: https://www.commerce.gov/news/fact-sheets/2026/01/fact-sheet-restoring-american-semiconductor-manufacturing-leadership.

the United States of America and Taiwan."[91] The ART incorporates some of the investment, Section 232 tariff, and reciprocal tariff commitments set out in the MOU and also establishes additional commitments on market access, regulatory policy, and economic security.

Tariff changes in the FRN

The FRN amends certain Section 232 tariffs applied to products of Taiwanese origin:

- **Wood furniture and cabinetry tariff reduction:** Wood furniture and cabinetry that would otherwise be subject to the 25% Section 232 tariff on wood products will instead be subject to a 15% Section 232 tariff rate, which also supersedes any applicable MFN Column 1 duty rate. The 10% Section 232 tariff on lumber and timber products classified under HTSUS Chapter 44 is unchanged.
- **Passenger vehicle and light truck parts tariff reduction:** Parts of passenger vehicles and light trucks subject to the 25% Section 232 automobile parts tariff will now be subject to the higher of either (i) a 15% Section 232 tariff or (ii) the applicable MFN Column 1 duty rate.
- **Section 232 tariff exception for certain aircraft components:** The United States will no longer apply Section 232 steel, aluminum, and copper tariffs to specified civil aircraft components (excluding unmanned aircraft) that are products of Taiwan. The relevant HTSUS subheadings are listed in part 4 of the Annex to the FRN.

The tariff changes take effect upon the formal publication of the FRN on May 28, 2026, and apply retroactively to goods entered, or withdrawn from warehouse, for consumption, on or after May 1, 2026. In related guidance, US Customs and Border Protection (CBP) instructed importers to file Post Summary Corrections to obtain refunds for any tariffs paid between May 1 and May 28.[92]

Semiconductor Section 232 tariffs commitments are not yet implemented

The centerpiece of the MOU is an extensive set of commitments related to waiving the Section 232 tariffs on semiconductor imports from Taiwan to support the supply chains of Taiwanese semiconductor manufacturers that have made, or are planning to make, large investments in the United States. According to the public summary of the MOU:

- Taiwanese companies that are building new US semiconductor manufacturing capacity may import up to 2.5 times that planned capacity free of Section 232 tariffs and would be subject to a preferential Section 232 rate on above-quota imports, and
- Taiwanese companies that have completed new US semiconductor manufacturing capacity may continue to import 1.5 times that new production capacity free of Section 232 tariffs.

According to Taiwanese officials, the MOU also includes a US commitment to waive additional tariffs that may apply to semiconductor manufacturing inputs and construction materials needed for semiconductor manufacturing facilities in the United States.

Commerce initiated a Section 232 investigation into semiconductor imports on April 2, 2025 and concluded the investigation in early 2026. Based on the investigation results, on January 14, 2026, President Trump (i) imposed a 25% tariff on a narrow set of imports of advanced semiconductors and products containing those semiconductors that are not intended for use in the United States, and (ii) directed USTR to negotiate with relevant trading partners "to

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[91] "Agreement Between the American Institute in Taiwan and the Taipei Economic and Cultural Representative Office in the United States on Reciprocal Trade Between the United States of America and Taiwan," accessible here: https://ustr.gov/sites/default/files/files/Press/Releases/2026/AIT-TECRO%20ART%20sanitized.pdf.

[92] CSMS # 68762890 - GUIDANCE: Implementation of Certain Tariff-Related Elements of the Trade and Security Agreement Between the Taipei Economic and Cultural Representative Office and the American Institute in Taiwan, CBP, May 27, 2026, accessible here: https://content.govdelivery.com/accounts/USDHSCBP/bulletins/4193d0a.

address the threatened impairment of the national security with respect to imported semiconductors, semiconductor manufacturing equipment, and their derivative products."[93]

Depending on the outcome of the negotiations, President Trump may impose higher tariffs on additional semiconductors, semiconductor manufacturing equipment, and derivative products. The presidential proclamation also notes that any potential future tariffs would include a tariff offset program for companies investing in US semiconductor manufacturing capacity. The administration has not yet developed a plan to implement these broader semiconductor tariffs. In remarks at a Micron Technology factory on May 22, 2026, Ambassador Greer stated that there are no immediate plans to impose the tariffs.

United States and Mexico Commence Formal USMCA Negotiations

On May 28-29, 2026, the United States and Mexico held the first formal, text-based bilateral negotiating round under the 2026 Joint Review of the United States-Mexico-Canada Agreement (USMCA). According to public statements by the Office of the United States Trade Representative (USTR) and Mexico's Ministry of Economy, the discussions covered rules of origin in the automotive, steel, and aluminum sectors, as well as issues related to economic security.[94] USTR's statement also notes that the "United States and Mexico recognize the importance of advancing cooperation to enhance regulatory compatibility to strengthen sectors, including medical devices, pharmaceuticals, cosmetic products, and others," without further elaboration.

While USTR emphasized that "the United States continues to stress the importance of ensuring that the Agreement benefits U.S. manufacturers, farmers, ranchers, workers, service suppliers, and businesses of all sizes, while also addressing free-riding by third countries," Mexico's Ministry of Economy framed the discussions in terms of regional integration, emphasizing in its statement that "the strength of the agreement lies in the integration of its value chains and in the rules that have made North America the most competitive manufacturing platform in the world."

The Ministry of Economy further noted that both governments entered the negotiations with strong, evidence-based positions and a shared willingness to reach outcomes that benefit workers, industry, and consumers across all three USMCA parties. From Mexico's perspective, a central objective of the review process is to enhance investment certainty and safeguard employment tied to the region's export-oriented sectors.

Topics of the first US-Mexico negotiating round

The first formal negotiating round between the United States and Mexico appears to have covered automotive, steel, and aluminum industry issues, focusing on rules of origin (ROO) and the US Section 232 tariffs. The parties also discussed economic security cooperation, although public reporting provides limited detail on the specific issues discussed.

Tightening ROOs, including through higher regional value content thresholds, is one of the Trump administration's core objectives for the negotiations. According to media reports, the United States has proposed that steel products must be melted and poured in North America to qualify for USMCA preferences. For automotive products, the United States is reportedly seeking to make the USMCA automotive ROOs significantly more restrictive by raising the regional value content threshold to 82%, introducing a new requirement that 50% of the value originate in the United States, and adding electronics modules to the list of core parts subject to regional value content requirements.

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[93] Proclamation 11002 of January 14, 2026: "Adjusting Imports of Semiconductors, Semiconductor Manufacturing Equipment, and Their Derivative Products into the United States," 91 FR 2443 (January 20, 2026), accessible here: https://www.federalregister.gov/documents/2026/01/20/2026-01052/adjusting-imports-of-semiconductors-semiconductor-manufacturing-equipment-and-their-derivative.

[94] "The United States and Mexico Conclude First Bilateral Round Related to the Joint Review of the USMCA," USTR, May 29, 2026, accessible here: https://ustr.gov/about/policy-offices/press-office/press-releases/2026/may/united-states-and-mexico-conclude-first-bilateral-round-related-joint-review-usmca; and "Mexico and the United States conclude the first formal round of the USMCA review with a positive balance," Ministry of Economy, May 29, 2026, accessible here (in Spanish): https://www.gob.mx/se/prensa/mexico-y-estados-unidos-concluyen-con-saldo-positivo-la-primera-ronda-formal-de-la-revision-del-t-mec.

Mexico’s Minister of Economy, Marcelo Ebrard, has reportedly objected to these proposals and is advocating to preserve a regional, rather than US-centric, approach.

Under the existing USMCA framework, the automotive regional value content threshold is 75%, with 40-45% of that content coming from high-wage facilities, which tends to favor Canada and the United States over Mexico. These requirements are supplemented by additional ROOs for core vehicle parts as well as specific origin rules for steel and aluminum inputs.

Mexico’s Undersecretary for Foreign Trade, Luis Rosendo Gutiérrez, suggested there has been limited progress on the ROO discussions, attributing the impasse to the US government’s unwillingness to lift Section 232 tariffs on Mexican exports of vehicles and automotive parts, steel, aluminum, and copper. “We cannot move forward on the rules of origin unless the Section 232 tariffs are removed,” he told the Mexican press.[95]

Outside the formal negotiating sessions, ROO discussions have reportedly focused on limiting the use of certain third-country inputs, implementing a USMCA dispute panel decision related to the automotive sector, and assessing whether the existing requirements should be tightened further.

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

Article 34.7 of the USMCA[96] requires the parties to conduct 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 provides that the agreement will expire in 2036 unless the parties confirm in writing that they wish to extend it for an additional 16-year period.[97] The 2026 joint review is the first opportunity for each party to notify whether it supports or opposes renewal in 2036. If any party notifies that it does not support renewal, this triggers further review meetings to address that party’s concerns; absent such a resolution, the USMCA would ultimately expire.

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 […].”

The exact procedure for conducting the 2026 review remains undecided, and there is no precedent to follow. The USMCA’s text describes the review only in broad terms. Although many details of the planned process remain uncertain, USTR’s announcement of a bilateral negotiating round with Mexico during the week of July 20-24 is a clear indication that the Trump administration does not intend to reach a comprehensive trilateral understanding by July 1, 2026.

The Trump administration’s negotiating objectives

The Trump administration appears inclined to remain in USMCA but is seeking significant changes to the agreement. USTR outlined its intentions during meetings with Congress in December 2025,[98] which include both bilateral issues with either Mexico or Canada and trilateral issues concerning the overall structure of the agreement. Some of these objectives relate to specific trade concerns, while others involve broader institutional issues affecting the design of the agreement.

[95] “SE: Section 232 tariffs delay progress on rules of origin,” *El Economista*, May 29, 2026, accessible here (in Spanish): https://www.eleconomista.com.mx/empresas/tarifas-seccion-232-retrasan-avances-reglas-origen-20260529-815962.html.

[96] USMCA Article 34.7, accessible here: https://ustr.gov/sites/default/files/files/agreements/FTA/USMCA/Text/34_Final_Provisions.pdf.

[97] 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.

[98] “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.

The practicality and attainability of these objectives is uncertain. Congress approved the original USMCA and implemented it through the USMCA Implementation Act,[99] using Trade Promotion Authority (TPA) procedures. TPA expired in 2021, and the Trump administration has not sought reauthorization. More generally, the Trump administration has avoided taking any trade agreement or tariff-related actions that would require Congressional authorization. If it ultimately decides that amendments to the implementing act are necessary, securing Congressional approval without a TPA process would be challenging. Without such legislative changes, the Trump administration's legal options for altering the United States' obligations under USMCA will be limited.

The Trump administration's approach is further complicated by its Section 232 tariffs, most of which cover Canada and Mexico, and by ongoing Section 301 investigations. In remarks on May 26, 2026, Ambassador Greer stated that at least some tariffs on imports from Canada and Mexico will remain in place regardless out of the outcome of the USMCA negotiations.[100]

Next bilateral negotiating rounds

The United States and Mexico have scheduled two additional bilateral negotiating rounds: one on June 16-17 in Washington, DC and another during the week of July 20-24 in Mexico City. According to USTR, the June round will include "discussions on agriculture and a level playing field." The Mexican statement notes agriculture, fair competition, and further ROO discussions are on the agenda.

In a public forum on May 14, 2026, Minister Ebrard acknowledged that an expedited agreement by July 1, 2026 would be the ideal outcome, but considered such a timeline unlikely. He suggested that the process "is going to take a little longer" and could evolve into recurring reviews without a definitive conclusion over as long as the next decade, possibly involving annual discussions.[101] He emphasized that Mexico's primary objective is not speed, but rather reducing uncertainty for investors and preserving Mexico's position as the United States' leading trading partner.

The United States and Canada have not yet announced any formal negotiating rounds, though senior level discussions appear to be taking place. Dominic LeBlanc, the Canadian minister responsible for Canada-US trade negotiations, and Janice Charette, Canada's Chief Trade Negotiator to the United States, met with USTR on June 2, 2026. The Canadians also issued a brief public letter to the United States and Mexico on Canada's objectives for the review, endorsing renewal of the agreement for another 16 years, but signaling openness to discussing potential improvements to the agreement.[102] The Canadian government also met with the Canadian oil and gas sector the day before visiting Washington, discussing "the importance maintaining the highly integrated North American energy market that supports jobs, economic growth and energy security on both sides of the border."[103]

Eventually, the three governments are expected to transition to trilateral talks to finalize a common arrangement, though the precise strategy remains unclear. The Trump administration appears to have decided to negotiate text with Mexico before negotiating with Canada, likely to increase pressure on Canada to accept terms already agreed with Mexico. Bilateral issues between the United States and Canada would still need to be addressed separately.

[99] United States-Mexico-Canada Agreement Implementation Act, Public Law No. 116-113, accessible here: https://www.congress.gov/bill/116th-congress/house-bill/5430/text.

[100] "A Conversation with Ambassador Jamieson Greer," Council on Foreign Relations, May 26, 2026, accessible here: https://www.cfr.org/event/a-conversation-with-jamieson-greer.

[101] "Secretary Marcelo Ebrard's participation in the forum: "Building opportunities… Economic growth with equity," Ministry of Economy, May 13, 2026, accessible here (in Spanish): https://www.gob.mx/se/prensa/atencion-a-medios-del-secretario-marcelo-ebrard-al-termino-del-foro-de-el-financiero-construyendo-oportunidades-crecimiento-economico-con-equidad.

[102] Letter from Dominic LeBlanc to the United States and Mexico on the USMCA Joint Review, June 1, 2026, accessible here: https://www.international.gc.ca/trade-commerce/assets/pdfs/trade-agreements-accords-commerciaux/agr-acc/cusma-aceum/2026-06-01-letter-lettre.pdf.

[103] "Ministers LeBlanc and Hodgson meet with oil and gas sector leaders ahead of upcoming CUSMA joint review," Global Affairs Canada, June 1, 2026, accessible here: https://www.canada.ca/en/global-affairs/news/2026/06/ministers-leblanc-and-hodgson-meet-with-oil-and-gas-sector-leaders-ahead-of-upcoming-cusma-joint-review.html.

United States and European Union Sign Memorandum of Understanding on Critical Minerals, Agree on a Critical Minerals Action Plan

On April 24, 2026, the United States and the European Union signed a Memorandum of Understanding (MoU) on a strategic partnership on critical minerals.[104] Additionally, they agreed an EU-US Critical Minerals Action Plan for developing a new plurilateral initiative on critical minerals trade, reflecting the parties' commitment to deepen cooperation on critical raw materials and enhance resilience and diversification of supply chains amid shared geopolitical and economic challenges.[105]

Recent discussions and context

The parties note that in recent decades, distortions resulting from pervasive non-market policies and practices have left critical minerals supply chains of market-oriented economies vulnerable to a "myriad of disruptions," including economic coercion. Critical minerals are no longer considered just commodities but as strategic assets integral to national security, industrial competitiveness, energy challenges, and geopolitics. Both sides highlighted their existing cooperation on critical minerals in multilateral fora such as the G7 Production Alliance and the Forum on Resource Geostrategic Engagement (FORGE).

The MoU and Action plan were agreed against the backdrop of previous exchanges and agreements, such as the Critical Minerals Ministerial Meeting held in Washington D.C. on February 4, 2026, alongside Japan, and the announcement of an EU-US Framework Agreement on reciprocal, fair, and balanced trade, in which the parties committed to strengthening cooperation and action related to the imposition of export restrictions on critical minerals by third countries.

The MoU was signed by Commissioner for Trade and Economic Security Maroš Šefčovič and US Secretary of State Marco Rubio in Washington D.C. Executive Vice-President of the European Commission Stéphane Séjourné noted that the MoU with the United States is the EU's 16th bilateral instrument on critical raw materials, stating that "together, these MoUs make a significant part of our strategy to reduce dependencies, foster innovation, and ensure that our supply chains are resilient against global disruptions."

Scope of the MoU and key objectives

The strategic partnership on critical minerals spans the entire value chain and life cycle, covering exploration, extraction, processing, refining, recycling and recovery, and will be implemented in accordance with applicable domestic laws and international obligations

The MoU identifies the following principal areas of cooperation:

- **Diversified supply:** The parties will identify and jointly develop innovative, sustainable and responsible critical minerals projects of mutual interest in the European Union, United States or third countries, which are expected to generate end products for delivery to buyers in both jurisdictions, including deploying financial support and investment de-risking instruments in sustainable industrial projects and facilitating business-to-business links.

- **Fair competition:** The parties state the need to address non-market policies and unfair trade practices and to promote a market environment where the valuation of critical minerals reflects the real costs of responsible extraction, processing and trade to the highest standards of transparency and sustainability. They further note that they intend under the Action Plan for Critical Minerals Supply Chain Resilience to explore a plurilateral

[104] The MoU is accessible here: https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/ca7bcd9d-6a41-417f-aed4-537e309f2f95/details?download=true.

[105] The Action Plan is accessible here: https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/30121161-5432-4817-bdad-5a30f3d54668/details?download=true (EU version); and here: https://ustr.gov/about/policy-offices/press-office/press-releases/2026/april/ambassador-jamieson-greer-announces-united-states-european-union-action-plan-critical-minerals (US version).

trade initiative in critical minerals that could include policy solutions related to fair pricing frameworks, joint public procurement, or offtake agreements to support alternative projects and high-standard markets.

- **Export restrictions:** The parties intend to share information about third-country export restrictions on critical minerals, their impacts, and their engagement vis-à-vis those third countries.
- **Rapid response:** The parties will exchange information on critical minerals supply chains, risk management and analytical tools, and intend to cooperate on measures to prevent supply disruptions, including through stockpiling.
- **Innovation and recycling:** Cooperation will extend to research and innovation, including developing earth observation-based tools and innovative extractive technologies, and exchanging good practices on recycling and life-cycle management.
- **Permitting:** The parties are expected to take measures to accelerate, streamline or reduce permitting timelines and processes for critical minerals mining, separation and processing within their respective regulatory systems.
- **Asset sales:** The parties intend to develop new or strengthen existing authorities and diplomatic tools to review and deter critical minerals and rare earths asset sales to protect collective security and strategic interests.
- **Geological mapping:** The parties intend to cooperate to assist in mapping mineral resources in the European Union, the United States and other mutually determined locations to support diversified supply chains.

The MoU is not intended to and does not create legally binding rights or obligations under international or domestic law; it does not constitute a commitment of financing by either party, and implementation is expected to be conducted in accordance with each side's domestic laws, regulations, policies, procedures, and international obligations.

Both sides intend to organize regular meetings, at least twice per year, to take stock of the Partnership's progress. Either party may discontinue the MoU upon six months' prior written notice, with any disputes to be resolved amicably through consultations.

The Action Plan for Critical Minerals Supply Chain Resilience

Alongside the MoU, Commissioner Šefčovič and US Trade Representative Jamieson Greer set out an Action Plan for Critical Minerals Supply Chain Resilience, which paves the way towards a possible plurilateral trade initiative with global partners.

The Action Plan was established "with a view to developing a plurilateral trade initiative with like-minded partners on trade in critical minerals, which would support the objective of securing mutual supply chain resilience." Concretely, the parties intend to discuss the feasibility and development of coordinated trade policies and mechanisms, including market and trade measures based on reference prices, such as border-adjusted price floors, standards-based markets, price gap subsidies or offtake agreements, focusing in the first instance on mutually agreed select critical minerals and associated supply chains.

Beyond pricing mechanisms, a future plurilateral agreement may also include trade measures to support a resilient critical minerals marketplace, standards for mining, processing and recycling, technical and regulatory cooperation, investment promotion and screening cooperation, coordinated rapid responses to supply disruptions, research and development cooperation, and stockpiling cooperation.

The Action Plan will be implemented and developed by the Office of the US Trade Representative (USTR) and the European Commission's Directorate-General for Trade and Economic Security (DG TRADE). Complementary discussions on critical minerals resilience will continue in other fora, such as the G7. USTR has recently concluded similar Action Plans with Mexico and Japan as well.[106]

Outlook

Commissioner Šefčovič framed the signing as part of a wider package of EU-US engagement. He stated that a practical way forward was discussed with Secretary of Commerce Howard Lutnick, including (i) mapping the tools already available to support critical minerals projects, and (ii) identifying how best to deploy those tools for greater impact, ideally through co-investing.

The newly signed MoU creates no enforceable obligations but represents a strong political commitment and a structured framework for future binding instruments. At the same time, the Action Plan is the more operationally significant document, charting a path toward a plurilateral trade agreement with pricing mechanisms, common standards and investment cooperation.

Third-country export restrictions, primarily by China, are a key driver for enhanced critical minerals cooperation, with both sides committed to information-sharing and coordinated diplomatic responses. The United States has already concluded similar Partnerships focused on critical minerals with Japan and Mexico.

It remains to be seen whether the EU-US MoU and Action Plan will yield specific results, considering ongoing trade tensions between the two economies.

CPTPP

CPTPP Members Announce Substantive Conclusion of Negotiations for Costa Rica's Accession

On May 6, 2026, Ministers of the twelve Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) member states[107] announced the successful conclusion of negotiations for Costa Rica's accession to the CPTPP.[108] The announcement marks a decisive milestone in the CPTPP's ongoing expansion and consolidation as a high-standard trade framework. It signifies that the parties have reached a common understanding of the core elements of accession, with the resulting commitments to be formalized through an Accession Protocol subject to legal verification and domestic ratification.

This outcome reflects an intensive and technically rigorous negotiation process led by Costa Rica's Ministry of Foreign Trade (COMEX), involving a comprehensive review of the country's regulatory framework to ensure alignment with CPTPP disciplines, alongside parallel negotiations on market access across goods, services, and investment, as well as in specialized areas such as financial services, government procurement, temporary entry for business persons, and the governance of state-owned enterprises.

Costa Rica's accession underscores the CPTPP's continued emphasis on deep regulatory convergence over shallow tariff liberalization. Costa Rica's successful navigation of the accession process demonstrates that it has exhibited sufficient institutional capacity to implement the agreement's advanced rulebook, which spans competition policy, digital trade, labor and environmental standards, and disciplines on state intervention in markets.

[106] The announcement of the US-Mexico Action Plan is accessible here: https://ustr.gov/about/policy-offices/press-office/press-releases/2026/february/ambassador-jamieson-greer-announces-us-mexico-action-plan-critical-minerals; the announcement of the US-Japan Action Plan is accessible here: https://ustr.gov/about/policy-offices/press-office/press-releases/2026/march/ambassador-jamieson-greer-announces-us-japan-action-plan-critical-minerals.

[107] CPTPP member states include Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam, and the United Kingdom.

[108] The joint ministerial statement on Costa Rica's accession process to the CPTPP is accessible here: https://www.mfat.govt.nz/assets/Trade-agreements/CPTPP/Joint-Ministerial-Statement-on-Costa-Ricas-Accession-Process-to-the-CPTPP.pdf.

Key outcomes of Costa Rica's accession

- **Trade in goods**

  Costa Rica maintains a simple average MFN applied tariff rate of approximately 6%, with agricultural products attracting considerably higher average rates of around 11%-12% compared to non-agricultural goods at approximately 4-5%.[109] Against this baseline, Costa Rica has committed to near-complete tariff elimination covering approximately 99.9% of tariff lines, with phased liberalization schedules for sensitive products. This includes improved market access for agricultural exports of interest to CPTPP members, including beef, dairy, wine, and horticultural products. CPTPP accession will also create new preferential trade linkages with key Asia-Pacific partners with which Costa Rica currently lacks bilateral agreements, including Japan, Australia, Malaysia, New Zealand, Brunei, and Vietnam, while simultaneously modernizing existing trade frameworks with partners such as Canada, Chile, Mexico, Peru, the United Kingdom, and Singapore.

- **Rules of origin**

  Costa Rica has accepted CPTPP rules of origin disciplines designed to facilitate regional cumulation across the bloc. This enables Costa Rican producers to integrate into CPTPP supply chains by sourcing inputs from other member economies while retaining preferential treatment. The adoption of product-specific rules and certification procedures ensures consistency with CPTPP standards, reducing compliance uncertainty for exporters.

- **Trade in services**

  Costa Rica has undertaken market access and national treatment commitments under a negative list approach, meaning that all service sectors are liberalized unless explicitly reserved. This significantly expands opportunities for CPTPP service suppliers in sectors such as professional services, telecommunications, and logistics, while also providing Costa Rican firms with reciprocal access to CPTPP markets.

- **Investment**

  The investment chapter ensures non-discriminatory treatment, protection against expropriation without compensation, and access to investor–state dispute settlement (ISDS). New Zealand, however, has agreed a treaty-status side letter with Costa Rica excluding ISDS between the two parties, consistent to the similar letters concluded with other CPTPP parties. These commitments are expected to enhance investor confidence and support inflows of high-quality foreign direct investment into Costa Rica.

- **Dispute settlement**

  Costa Rica will be subject to the CPTPP's state-to-state dispute settlement mechanism, ensuring the enforceability of commitments across all covered chapters. This provides legal certainty and reinforces the rules-based nature of the agreement.

Next steps

The transition from substantive conclusion to full membership will depend on the timely completion of legal scrubbing, signature of the Accession Protocol, and ratification by Costa Rica's Legislative Assembly, along with acceptance by existing CPTPP members. This phase is procedurally critical, as it ensures that negotiated commitments are translated into binding legal obligations consistent with the CPTPP framework. The experience of the prior accession of the United Kingdom suggests that while substantive conclusion is politically significant, the legal and domestic approval stages can materially affect the timeline for entry into force.

Implications for other CPTPP candidates

[109] WTO Tariff & Trade Data, accessible here: https://ttd.wto.org/en/profiles/costa-rica.

Costa Rica’s accession occurs amid a broader expansion agenda for the CPTPP. Current and prospective aspirants include China, Taiwan, Ukraine, Uruguay, the United Arab Emirates, Indonesia, the Philippines, and Thailand. The relatively rapid progression of Costa Rica’s negotiations, from the establishment of its Accession Working Group in late 2024 to substantive conclusion in May 2026, reflects both strong technical preparedness and limited geopolitical friction.

Petitions & Investigations

Investigations

ITC Issues Final Determination Continuing ADD and CVD Orders on Non-Oriented Electrical Steel from Japan, China, Germany, South Korea, Sweden, and Taiwan

On May 13, 2026, the US International Trade Commission (ITC) determined that revocation of the antidumping duty (ADD) and countervailing duty (CVD) orders on non-oriented electrical steel (NOES) from Japan, China, Germany, South Korea, Sweden, and Taiwan would likely lead to the continuation or recurrence of material injury to a domestic industry within a reasonably foreseeable time.[110]

Following affirmative determinations by both the US Department of Commerce (Commerce) and the ITC that revocation of these orders would likely result in the continuation or recurrence of dumping, countervailable subsidies and material injury, Commerce published on May 18, 2026 a notice continuing the ADD and CVD orders on NOES from Japan, China, Germany, South Korea, Sweden, and Taiwan. Under section 751(d)(2) of the Act, US Customs and Border Protection (CPB) will therefore continue to collect ADD and CVD cash deposits at the rates in effect at the time of entry on all imports of subject merchandise.

Commerce's continuation order is effective as of May 13, 2026.[111] Commerce intends to initiate the next five-year reviews of these orders no later than 30 days before the fifth anniversary of ITC's most recent determination.

Commerce's final results

On April 16, 2026, Commerce published the final results of the expedited second sunset reviews of the CVD orders on NOES from China and Taiwan and the ADD orders on NOES from Japan, China, Germany, South Korea, Sweden, and Taiwan.[112] Commerce determined that revocation of the CVD orders on NOES from China and Taiwan would be likely to lead to continuation or recurrence of countervailable subsidies and that revocation of the ADD orders would be likely to lead to continuation or recurrence of dumping at the levels below:

- **Japan**: Dumping margins up to 204.79%
- **China**: Dumping margins up to 407.52% and net countervailable subsidy rates of 158.88% for Baoshan Iron & Steel Co., Ltd and all others rate
- **Taiwan**: Dumping margins up to 52.23% and net countervailable subsidy rates of 17.12% for Leicong Industrial Company, Ltd and 8.61% for all others rate
- **Sweden**: Dumping margins up to 126.72%
- **Germany**: Dumping margins up to 98.84%

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110 "Non-Oriented Electrical Steel From China, Germany, Japan, South Korea, Sweden, and Taiwan; Determinations," 91 FR 27078 (May 13, 2026), accessible here: https://www.federalregister.gov/documents/2026/05/13/2026-09445/non-oriented-electrical-steel-from-china-germany-japan-south-korea-sweden-and-taiwan-determinations.

111 "Non-Oriented Electrical Steel From Sweden, Germany, the People's Republic of China, the Republic of Korea, Taiwan and Japan: Continuation of Antidumping Duty Orders and Countervailing Duty Orders," 91 FR 28573 (May 18, 2026), accessible here: https://www.federalregister.gov/documents/2026/05/18/2026-09826/non-oriented-electrical-steel-from-sweden-germany-the-peoples-republic-of-china-the-republic-of.

112 "Non-Oriented Electrical Steel From the People's Republic of China and Taiwan: Final Results of the Expedited Second Sunset Reviews of the Countervailing Duty Orders," 91 FR 20409 (April 16, 2026), accessible here: https://www.federalregister.gov/documents/2026/04/16/2026-07463/non-oriented-electrical-steel-from-the-peoples-republic-of-china-and-taiwan-final-results-of-the; and "Non-Oriented Electrical Steel From Sweden, Germany, the People's Republic of China, the Republic of Korea, Taiwan and Japan: Final Results of the Expedited Second Sunset Reviews of the Antidumping Duty Orders," 91 FR 20407 (April 16, 2026), accessible here: https://www.federalregister.gov/documents/2026/04/16/2026-07464/non-oriented-electrical-steel-from-sweden-germany-the-peoples-republic-of-china-the-republic-of.

- **South Korea**: Dumping margins up to 6.88%

Commerce and ITC announced the initiation of the second five-year (sunset) reviews on December 1, 2025.The review was originally scheduled to be initiated on November 3, 2025, but was delayed by the lapse in government funding. Commerce and ITC tolled the deadlines to account for the delayed initiation.

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.

WTO Developments

No developments