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Trade Lines

Policy Intelligence for Global Business Leaders

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Welcome to Trade Lines, your view from DC on the evolving landscape of international trade and regulatory policy. Curated for business leaders and decision-makers, this newsletter delivers timely insights into the issues shaping global commerce–from tariff shifts and supply chain disruptions to legislative developments and compliance trends. Our goal is to help you anticipate change, assess impact, and act with confidence in a fast-moving policy environment.

Global signals

US announces progress in trade negotiations with Cambodia, Malaysia, Thailand, and Vietnam

Over the weekend, the United States announced that it has finalized trade deals with Cambodia and Malaysia, as well as made progress on trade frameworks with Thailand and Vietnam. The announcement was made ahead of a high stakes meeting between the U.S. and China later this week in South Korea.

As part of the announced deals, the U.S. will tariff products from Cambodia, Malaysia, and Thailand at 19% and products from Vietnam at 20%. The United States also committed to identify products listed in Annex III to Executive Order 14346 of September 5, 2025, Potential Tariff Adjustments for Aligned Partners, to receive a zero percent reciprocal tariff rate. Recall that Annex III includes products that cannot be grown, mined, or naturally produced in the United States or grown, mined, or naturally produced in sufficient quantities in the United States to satisfy domestic demand; certain agricultural products; aircraft and aircraft parts; and non-patented articles for use in pharmaceutical applications.

In exchange for the agreed tariff rates, the countries agreed to reduce certain tariff and non-tariff barriers for U.S. products. In a move to clearly address U.S. concerns with China's influence in the region, the deals also include provisions to strengthen cooperation to increase supply chain resilience – to include addressing duty evasion, cooperating on export controls and investment security, and addressing market distorting behaviors of state-owned enterprises when engaging in commercial activities; as well as language that the countries may negotiate rules of origin if they determine that the benefits of the deals "are accruing to third countries or third-country nationals." The deals also paved the way for increased partnership with Cambodia and Malaysia on critical minerals and rare earths.

US-China tentative trade framework reached ahead of upcoming Trump-Xi meeting

In advance of a bilateral meeting between President Trump and Chinese President Xi Jinping on the sidelines of the Asia-Pacific Economic Cooperation (APEC) Summit in South Korea on Oct. 30, Treasury Secretary Scott Bessent and U.S. Trade Representative Jamieson Greer reached a framework deal with their Chinese counterparts to avoid sharp tariff increases, delay China's rare earth export controls, and continue discussions on other disputes. According to Bessent, the discussions yielded a "very substantial framework that will avoid that and allow us to discuss many other things with the Chinese." Bessent added, "I think we will be able to discuss them helping us get this terrible fentanyl crisis under control; I think we are going to be able to discuss substantial soybean and ag purchases for our American farmers; I think we are going to be able to discuss more balanced trade." The tentative trade framework will not be final until agreed to by Trump and Xi.

The tentative deal comes as the two countries face increased trade tensions in response to a range of issues, including China's new export restrictions on critical minerals, the US's "affiliates" rule, and personnel disputes. Absent a deal between the two nations, tariff rates are set to return to elevated levels of 125% or higher – rates enacted and subsequently paused over the course of the spring - on Nov. 10.

Trump calls off US-Canada trade talks, threatens additional 10% tariffs over Canadian tariff advertisement

In response to an anti-tariff advertisement funded by the Ontario government, President Trump announced he is terminating all trade negotiations between the US and Canada and suggested that he would increase tariffs on Canadian goods by 10%. The ad, which has aired during Toronto Blue Jays baseball games, includes audio from President Ronald Reagan speaking critically about the impact of tariffs and other trade barriers. While Ontario Premier Doug Ford announced that he would be pausing the ad campaign once the ads aired during the October 24 and 25 World Series games, Trump subsequently posted on Truth Social on the afternoon of October 25 that, "Their Advertisement was to be taken down, IMMEDIATELY, but they let it run last night during the World Series, knowing that it was a FRAUD. Because of their serious misrepresentation of the facts, and hostile act, I am increasing the Tariff on Canada by 10% over and above what they are paying now."

As of the morning of October 27, the White House has not issued any implementing documents to modify tariff rates on Canada. Prior to this dispute, negotiations between the two countries had continued in recent weeks on a range of trade policy issues following Prime Minister Carney's trip to Washington, DC in early October.

Canadian imports that do not qualify for duty-free treatment under the U.S.-Mexico-Canada Agreement (USMCA) are currently subject to a 35% tariff, as well as certain sector specific tariffs, including steel and aluminum products. In addition to elevated tariffs, the U.S. and Canada are preparing for the USMCA review, which is scheduled for July 1, 2026.

Policy pulse

USTR Launches Section 301 Investigation into China's Compliance with Phase One Agreement

On October 24, the Office of the U.S. Trade Representative (USTR) announced the initiation of a Section 301 investigation of China's implementation of the Economic and Trade Agreement Between the Government of the United States of America and the Government of the People's Republic of China ("Phase One Agreement"). USTR will examine whether China has fully implemented its commitments under the Phase One Agreement, the burden or restriction on U.S. commerce resulting from any non-implementation by China of its commitments, and what action, if any, should be taken in response.

The Phase One Agreement, which entered into force January 22, 2020, required China to make structural changes to correct distortive acts, policies, and practices in the areas of intellectual property, technology transfer, agriculture, and financial services. The Phase One Agreement also committed China to make substantial additional purchases of U.S. goods and services.

In its announcement USTR says that "China's lack of compliance with the Phase One Agreement appears to have undermined the conditions of competition for U.S. companies seeking to trade with and operate in China" and that China has fallen short of its purchase commitments.

USTR will open a docket on October 31 for stakeholders to submit written comments. Comments and requests to testify are due by December 1. The Section 301 Committee will convene a public hearing on December 16, 2025.

USTR Proposes Action Against Nicaraguan Imports in Section 301 Investigation

On October 20, USTR announced its determination under Section 301 of the Trade Act of 1974 that Nicaragua's acts, policies, and practices related to abuses of labor rights, abuses of human rights and fundamental freedoms, and dismantling of the rule of law are unreasonable and burden or restrict U.S. commerce.

Among its findings, USTR concluded that the Nicaraguan government's actions harm both Nicaraguans directly and U.S. workers and businesses indirectly through exploitation of workers resulting in unfair competition; result in lost sales and exports for U.S. enterprises seeking to access or operate in Nicaragua's market; and lead to lost investment and commercial opportunities for U.S. workers and companies. USTR is proposing a range of responsive actions, including withdrawal of preferential treatment under the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) or 100% tariffs on imports from Nicaragua. USTR is inviting written comments on the proposed actions by November 19, 2025. More here: https://globaltaxnews.ey.com/news/2025-2122-ustr-proposes-action-against-nicaraguan-imports-in-section-301-investigation

Trump signs Proclamation imposing tariffs on Imports of Medium and Heavy-Duty Vehicles, Parts, and Buses; extends rebates for autos

On October 17, President Trump signed a Proclamation imposing new duties on imports of medium- and heavy-duty vehicles (MHDVs) and parts (MHDVPs), and buses using his authority under Section 232 of the Trade Expansion Act of 1962. The Proclamation follows the conclusion of an investigation conducted by the Department of Commerce which found that MHDVs, certain MHDVPs, and buses are being imported into the United States in such quantities and under such circumstances as to threaten to impair the national security of the United States.

The Proclamation imposes a 25% tariff on imports of medium- and heavy-duty trucks and truck parts and a 10% tariff on imports of buses, effective November 1. Affected imports that are compliant with the USMCA will be subject to tariffs on non-US content following the establishment of a compliance process by the Department of Commerce and Customs and Border Protection.

The Proclamation provides a 3.75% rebate for MHDVs assembled in the United States and also amends Proclamation 10925, which imposed new tariffs on automobiles and auto parts issued in April, to extend a 3.75% on imported auto parts until 2030. The rebate was previously scheduled to decline to 2.5% in 2027 and expire in 2028.

US, Australia sign critical minerals agreement

On October 20, President Trump and Australian Prime Minister Anthony Albanese signed a framework agreement committing to greater investment and cooperation on critical minerals and rare earth supply chains. According to a White House Fact Sheet, the two governments will invest more than $3 billion together in critical mineral projects. As part of these investments, the Export-Import Bank of the United States will issue Letters of Interest that would unlock up to $5 billion of total investment, while the US Department of Defense plans to invest in an advanced gallium refinery in Western Australia. The increased cooperation between the two countries is broadly perceived as a step toward countering China's significant role in the critical mineral and rare earth supply chains.

Commerce Department announces American AI Exports Program

On October 22, the Commerce Department launched the American AI Exports Program to advance the global reach of US artificial intelligence technologies. According to a press release from the International Trade Administration, the Program will "select industry-led export packages that will include AI hardware, software, models, and applications across industry sectors for promotion to countries and regions around the world." The program originated from President Trump's July 23 Executive Order on Promoting the Export of the American AI Technology Stack.

As part of the program launch, the ITA issued a Request for Information (RFI) soliciting public comments relating to the AI technology stack, consortia 2 membership and formation, foreign markets, proposals' business and operational models, federal support for consortia, national security regulations, and proposal evaluation. Comments are due within 30 days of the RFI being published in the Federal Register.

Hill highlights

Congressional Hearings:

The Senate Appropriations Commerce, Justice, Science, and Related Agencies Subcommittee hearing, "A Review of the Activities and Fiscal Year 2026 Funding Priorities of the Office of the United States Trade Representative," with USTR Jamieson Greer set for Tuesday, October 21, was postponed, and a new date has not been announced.

https://www.appropriations.senate.gov/hearings/a-review-of-the-activities-and-fiscal-year-2026-funding-priorities-of-the-office-of-the-united-states-trade-representative

The Senate Finance Committee will hold a hearing on Wednesday, October 29 at 10:00 AM to consider nominees to the Office of the U.S. Trade Representative (among others) including:

- Jeffrey Goettman, nominee to serve as Deputy United States Trade Representative (Africa, Western Hemisphere, Europe, the Middle East, Environment, Labor, and Industrial Competitiveness)
- Julie Callahan, nominee to serve as Chief Agricultural Negotiator

https://www.finance.senate.gov/hearings

Upcoming deadlines

October 29, 2025: The pause on further tariff increases on products from Mexico expires, absent an extension; comments are due to the Commerce Department's Bureau of Industry and Security in response to its Interim Final Rule entitled, *Expansion of End-User Controls To Cover Affiliates of Certain Listed Entities*.

October 30, 2025: Written comments on significant foreign trade barriers due to USTR for 2026 National Trade Estimate Report.

November 3, 2025: Written comments due to USTR as part of the U.S.-Mexico-Canada Agreement (USMCA) review.

November 5, 2025: The Supreme Court will hear consolidated cases challenging the president's ability to impose tariffs under the International Economic Emergency Powers Act (IEEPA).

November 10, 2025: The pause on further tariff increases on products from China expires, absent an extension.

November 17, 2025: USTR will hold a public hearing in connection with the USMCA review.

December 1, 2025: Written comments and requests to testify due to USTR in the section 301 investigation into China's implementation of the Phase One Agreement.

December 16, 2025: USTR will hold a hearing in connection with its section 301 investigation into China's implementation of the Phase One Agreement.

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