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Trade Lines

Policy Intelligence for Global Business Leaders

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Trade Lines brings you timely updates from DC on global trade and regulatory policy. Curated for business leaders and decision-makers, this newsletter highlights key shifts in trade policy –from tariff shifts and supply chain disruptions to legislative developments and compliance trends. Stay ahead, evaluate impact, and make informed decisions in a rapidly changing environment.

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Global Signals

U.S. and Mexico to hold bilateral negotiations ahead of USMCA Joint Review

On May 27, the Office of the U.S. Trade Representative (USTR) [announced](#) a series of bilateral negotiating rounds ahead of the first Joint Review of the U.S.-Mexico-Canada Agreement (USMCA). The negotiations on May 28 and 29, in Mexico City, will “feature negotiations on economic security and rules of origin for key industrial goods.” The negotiations on June 16 and 17, held in Washington D.C., will “include discussions on

agriculture and a level playing field." A third negotiating round will be held in Mexico City the week of July 20. The USTR press release specified that the negotiations will "focus on ensuring that the USMCA benefits U.S. manufacturers, farmers, ranchers, workers, and service suppliers, and businesses of all size."

Given that negotiating rounds will continue through July, and the U.S. and Canada have yet to begin formal negotiating rounds, indications strongly suggest that the three countries will not announce a renewal of the USMCA on July 1. Instead, they are likely to continue working to resolve issues before agreeing to extend the pact for an additional 16-year term.

The Quad releases critical minerals initiative framework

Following the Quad Foreign Ministers' Meeting in New Delhi on May 26, the governments of Australia, the U.S., India, and Japan released text of a critical minerals framework initiative. The text includes a stated intention by the Quad partners "to support the development of secure critical minerals supply chains" by working together to use economic policy tools and coordinated investment to accelerate the development of diversified and fair critical mineral markets and support the supply of critical minerals that are crucial to our region's economic growth and security." This includes an intention to "mobilize up to \$20 billion in government and private sector support through new and existing efforts to strengthen critical minerals supply chains, including in mining, processing, and recycling."

See a [press release](#) by the U.S. State Department for the framework text.

India's Prime Minister invited to the White House while final trade agreement still in discussions

Secretary of State Marco Rubio and Indian Prime Minister Narendra Modi met on May 23 in New Delhi to discuss issues including energy and regional security. A [press release](#) by the State Department said Rubio "underscored the strategic importance of the U.S.-India partnership, rooted in our shared democratic values, profound economic and commercial opportunity, and the strong personal ties between President Trump and Prime Minister Modi," and that the "Secretary and Prime Minister agreed to deepen trade and defense cooperation and accelerate collaboration on critical and emerging technologies." The press release also noted that an invitation was extended to Prime Minister Modi "on behalf of President Trump" to visit the White House.

In addition, on May 27th it was announced that a U.S. delegation will travel to India next week to discuss the interim trade agreement reached by both countries earlier in the year. USTR Ambassador Jamieson Greer also [said](#) during an event in Washington DC, "we have a team going there next week. I expect to meet with my counterpart soon as well. We'd really like to be in a position to finalize our agreement with them on the basis of the joint framework we agreed to."

Policy Pulse

Administration amends HTSUS to implement trade agreement with Taiwan

On May 28, the Commerce Department and USTR published a joint [notice](#) on *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*. This “amends the Harmonized Tariff Schedule of the United States (HTSUS) to implement the terms of the Memorandum of Understanding pertaining to the modification of certain Section 232 tariffs applied to automobile parts, timber, lumber, and wood derivative products of Taiwan.” These modifications are effective from May 1.

In addition, U.S. Customs and Border Protection (CBP) published [guidance](#) “on the modification of certain Section 232 tariffs applied to aircraft components, automobile parts and wood products of Taiwan.” Importers who may be entitled to a refund of duties collected “may file a Post Summary Correction to request a duty refund.”

CBP tells court that \$20 billion in tariff refunds has been completed

On May 26, CBP provided an [update](#) to the Court of International Trade (CIT) regarding the status of processing refunds for tariffs paid under the International Emergency Economic Powers Act (IEEPA) using their Consolidated Administration and Processing of Entries (CAPE) system. In this update, CBP said as of May 22, “approximately \$85 billion in both potential and certified refunds have been accepted for processing in CAPE” and of “this total amount, refunds (duties plus interest) of approximately \$20.6 billion have been completed using the CAPE Refund component.” CBP is required to provide its next update to the court on June 10.

On May 27, the court issued an [order](#) in *V.O.S. Selections, Inc. v. United States*, directing the Government to address why the court should not require “immediate compliance with its order that Customs liquidate or reliquidate, without regard to IEEPA duties, all entries entered subject to those duties.” In the judge’s view, this would then allow the court to “address the issue of providing refunds to those importers that have paid IEEPA duties on entries that have become finally liquidated.” He said, “The court is particularly concerned about the millions of informal entries where liquidation was simultaneous, or nearly simultaneous, with the time of entry, and for which the liquidation is now final. To date, the Government has not presented a proposal as to how to address these entries.” The judge directed the parties to file a brief with the court by June 4 and for CBP Commissioner Rodney Scott to appear before the court on June 9 “to answer the court’s questions as to the anticipated timing of Customs’ compliance with the court’s order.”

Commerce Department publishes onshoring agreement applications for reduced pharmaceutical tariffs

On May 13, the Department of Commerce published a [Federal Register Notice](#) announcing the procedures for companies that manufacture pharmaceutical products to apply for company-specific agreements to onshore manufacturing of pharmaceutical products and their ingredients. Companies that receive approved

applications and enter into onshoring agreements are eligible for a reduced Section 232 duty rate of 20 percent for imports of their pharmaceutical products and associated ingredients, as opposed to a duty rate of 100 percent pursuant to Proclamation 11020. [Applications](#) should be submitted to the Commerce Department by June 12, 2026, to receive consideration before the pharmaceutical tariffs take effect for companies listed in [Annex III](#) on July 31, 2026, and for all other companies on September 29, 2026.

Hill Highlights

House GOP lawmakers urge tax enforcement as part of USMCA review

On May 22, House Ways and Means Trade Subcommittee Chairman Adrian Smith (R-NE) and nineteen other Republican lawmakers sent USTR Ambassador Jamieson Greer a [letter](#) urging consideration of the “onerous and irregular enforcement practices currently being implemented by Mexico’s Servicio de Administración Tributaria (SAT)” as a high priority issue during the review process. They describe this practice as “placing retroactive and unprecedented burdens on U.S. companies” and express concern that “Mexico is reinterpreting tax provisions, conducting retroactive and capricious audits, and employing aggressive “pay-to-play” appeal requirements.” The letter concludes by urging Greer “to continue working with Mexico to ensure new SAT interpretations and provisions are not implemented in a discriminatory or overly burdensome manner.”

Key Dates

June 1: Commerce Department to send the President its findings on its Section 232 investigations into robotics and industrial machinery and PPE, medical consumables, and medical equipment, including devices by this date.

June 16: USTR holds a public hearing in the Section 201 safeguard investigation into quartz surface products.

June 16: The U.S. and Mexico hold a second negotiating round in Washington, D.C., for the USMCA joint review.

June 26: President to announce any actions on Section 232 investigations into drones and polysilicon and derivative products, as well as unmanned aircraft systems and their parts and components.

July 1: On six-year anniversary of entry into force, the USMCA joint review takes place.

July 17: Deadline for written submissions in the USITC’s factfinding investigation concerning China’s state support and pricing practices in the biotechnology sector.

July 20: The U.S. and Mexico hold a third negotiating round in Mexico City for the USMCA joint review.

July 21: USTR to brief Congress by this date on the negotiating positions of Mexico and Canada in the USMCA joint review.

July 24: The 10% tariff imposed under Section 122 expires.

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