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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.

In This Issue

Global Signals

EU implements U.S.-EU trade deal

The EU published regulations on June 30 implementing the U.S.-EU trade deal including its tariff-related commitments, and these regulations are now in force. This follows the Council of the European Union adopting on June 25 the legislation approved by the European Parliament on enacting commitments agreed to in the July 2025 trade framework. This includes the elimination of tariffs on industrial goods and preferential market access on a variety of U.S. agricultural products.

USMCA negotiations continue after parties decline to renew the agreement

The U.S., Mexico, and Canada declined to renew the U.S.-Mexico-Canada Agreement (USMCA) in a virtual meeting on July 1 as part of the deal's joint review. Following the meeting the Office of the U.S. Trade Representative (USTR) Ambassador Jamieson Greer issued a statement confirming that the U.S. "did not agree to renew the USMCA in its current form" but will "continue to engage with Mexico and Canada to address the Agreement's shortcomings and our trade deficits with these countries" and that "the Agreement remains in force pending resolution of these issues or until the Agreement's termination." The agreement remains in place for the next ten years and will undergo annual reviews until the parties agree to a 16-year renewal or until it expires in 2036, whichever occurs first. The U.S. and Mexico are scheduled to meet for a third round of bilateral negotiations the week of July 20 in Mexico City.

Several lawmakers issued reactions to the decision not to renew the agreement. In a July 1 press release, the Ways and Means Committee Chairman Jason Smith (R-MO) said "simply rubber stamping the status quo is not in the best interest of the United States" as "Mexico and Canada have in several cases not lived up to their existing commitments under the USMCA." Instead, Smith said we must "ensure any updated USMCA agreement closes loopholes that allow non-USMCA countries to obtain significant benefits from the preferential tariff treatment provided under the agreement." Comparatively, the Ways and Means Committee Ranking Member Richard Neal (D-MA) issued a statement describing USMCA as a "stabilizing force for North America" and urged that "now is the time to pursue serious negotiations with our North American partners."

Additionally, Rep. Angie Craig (D-MN) led a group of 20 House Agriculture Committee Democrats in sending a letter to officials at USTR and the U.S. Department of Agriculture expressing deep concern over the decision. The lawmakers write that "America's farmers are facing the worst economic crisis since the 1980s" and criticize the "unacceptable" "lack of communication from USTR to the House Agriculture Committee." They request a briefing on how USTR is "advancing U.S. agricultural interests with two of our top agricultural trading partners." Separately, the ranking member of the House Transportation and Infrastructure Committee, Rep. Rick Larsen (D-WA), sent Greer a letter on July 1 urging USMCA renewal.

Policy Pulse

Negotiations directed on aircraft and parts imports following Section 232 investigation

On July 9, President Trump issued a proclamation directing the Secretary of Commerce and the U.S. Trade Representative to initiate negotiations with trading partners to reduce imports of foreign-made commercial aircraft, jet engines, and related parts. This proclamation followed the conclusion of an investigation under Section 232 of the Trade Expansion Act of 1962, which determined that reliance on foreign supply chains for these goods poses national security concerns. The President's proclamation did not impose new tariffs on these imports but indicated that he could consider other measures if agreement on these issues is not reached within 180 days. Additional information can be found in the White House Fact Sheet.

CBP continues processing IEEPA tariff refunds and launches Phase Two

On July 1, U.S. Customs and Border Protection (CBP) provided an update to the U.S. Court of International Trade (CIT) on the status of claims for duties paid under the International Emergency Powers Act (IEEPA). As of June 29, "approximately $104.29 billion in both potential and certified refunds have been accepted for processing" and "approximately $71.06 billion have been completed."

CBP also confirmed the launch of Phase Two of its Consolidated Administration and Processing of Entries (CAPE) system to process refunds. As of June 29, importers are able to file refund requests on entries that are unliquidated, have liquidated within the preceding 80 days, and that were flagged for reconciliation but for which no Reconciliation Entry has been filed. CBP issued updated guidance for importers regarding Phase Two, linked here. CBP also issued updated guidance regarding warehouse entries and warehouse withdrawals filed on CAPE declarations, linked here. CBP is required to provide its next update by July 13.

On July 15, CBP will host a webinar on *CAPE Enhancements and Questions About Your IEEPA Refunds* to provide an "overview of recent enhancements to CAPE for Type 09 reconciliation entries" and "additional updates on CAPE functionality." You can register for the webinar here.

Administration temporarily suspends certain duties on phosphate fertilizer from Morocco

The Trump Administration issued a June 29 proclamation declaring an emergency "with respect to the threats to the availability of sufficient supplies of fertilizers to meet expected agricultural demand" and authorizing temporary duty-free importation of phosphate fertilizer from Morocco. This includes suspension of some anti-dumping and countervailing duties connected to the import of phosphate fertilizer from Morocco for eight months or if the emergency is terminated. A White House fact sheet is available here.

Commerce initiates Section 232 investigation into anthracite coal

The Department of Commerce's Industry and Security Bureau announced that on June 29 it had initiated a new Section 232 investigation to "determine the effects on the national security of imports of anthracite coal." According to the Federal Register Notice published on July 7, the agency has opened a short, 14-day comment period. Written comments are due to Commerce by July 21 and can be submitted to the Federal rulemaking portal.

Industry calls for tariff credit on some textiles to offset proposed Section 301 tariffs

In response to USTR's request for comments on its proposed action in the investigations under Section 301 of the Trade Act of 1974 concerning the effective enforcement of forced labor import bans, four industry groups submitted a joint comment proposing a tariff credit mechanism for some textiles. Specifically, the National Council of Textile Organizations, American Apparel and Footwear Association, U.S. Fashion Industry Association, and the U.S. Industrial and Narrow Fabrics Institute jointly propose a mechanism which "would allow brands and retailers to earn tariff credits when they buy U.S. textiles and qualified apparel goods from key Western Hemisphere U.S. free trade agreement partners" which could then be applied "to offset potential Section 301 tariffs from eligible countries." The written comments describe this proposed mechanism as rewarding "goods produced without forced labor or forced labor inputs in the Westen Hemisphere."

USTR initiates 26th annual review of eligibility of sub-Saharan African countries under AGOA

USTR published a notice on June 30 requesting comments and announcing a public hearing *Concerning the Annual Review of Country Eligibility for Benefits Under the African Growth and Opportunity Act (AGOA) for Calendar Year 2027*. In the notice, USTR announces the "initiation of its 26th annual review of the eligibility of sub-Saharan African countries to receive the benefits of the current" AGOA "if reauthorized, for calendar year 2027." Pre-hearing written comments should be submitted by July 13 and post-hearing written comments should be submitted by July 30. The hearing is scheduled for July 23.

USTR holds public hearing on Brazil Section 301 investigation

USTR held a public hearing on July 6 and 7 regarding its "proposed responsive 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." The proposed action includes applying tariffs of 25% on all goods of Brazil, with certain exemptions. See the hearing announcement here. Hearing transcripts are available here.

USTR holds public hearing on Forced Labor Section 301 investigations

USTR held a public hearing on July 6-9 on "proposed responsive action in the Section 301 investigations of the acts, policies, and practices, of 60 economies related to the failure to impose and effectively enforce a prohibition on the importation of goods produced with forced labor." The proposed action includes applying tariffs of 10-12.5% on all goods from 60 trading partners, with exemptions. See the hearing announcement here. Hearing transcripts are available here.

USTR is likely to issue its final action and implement tariffs by July 24, when the 10% global tariffs imposed under Section 122 of the Trade Act of 1930 expire.

Hill Highlights

House lawmaker calls for Section 301 investigation into Canada's U.S. alcohol import practices

On July 6, Rep. Claudia Tenney (R-NY) introduced the Combating Attacks on our National Alcoholic Drinks by Allies (CANADA) Act. This legislation directs USTR to initiate a Section 301 investigation into the Canadian provinces' restrictions on the importation and distribution of American alcoholic beverages through provincial liquor boards within 30 days of enactment and determine whether those restrictions are actionable under the statute. In a press release, Rep. Tenney said, "Nearly all of Canada's provincial liquor boards have unfairly targeted U.S. producers and harmed hardworking American businesses due to unrelated policy issues. Beyond the harm they've caused to American businesses, these prohibitions are an active impediment to a productive and smooth USMCA renegotiation process."

House Judiciary Committee published report on South Korea's "discriminatory" practices

The House Judiciary Committee released a report on July 1 titled *Closed for Competition: South Korea's Discriminatory Attacks on American-owned Businesses.* The executive summary notes that the Committee has "uncovered evidence that the South Korean government has engaged in discriminatory attacks on American businesses" which has "escalated considerably in recent years." The report also says that this discriminatory treatment "directly violates its recent trade agreement with the United States." The Committee will "continue its oversight to inform legislative reforms to better protect American business and consumers." A press release is available here.

Key Dates

July 10: Deadline for written comments on USTR's notice on the U.S.-China Board of Trade.

July 13: Deadline for pre-hearing written comments on the annual AGOA review.

July 14: Deadline for post-hearing comments in the Section 301 investigations in effective enforcement of forced labor import bans.

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: Round 3 negotiations between the U.S. and Mexico take place as part of the USMCA joint review.

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

July 21: Deadline for written submissions to Commerce's Section 232 investigation into anthracite coal.

July 23: USTR hearing on the annual AGOA review.

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

July 30: Deadline for post-hearing written comments on the annual AGOA review.

July 31: Section 232 tariffs on pharmaceuticals take effect for large companies on Annex III.

August 8: Deadline for determinations in the Section 232 investigations into wind turbines.

August 10: Deadline for written comments on USTR's Section 301 investigation into Germany's pharmaceutical pricing practices.

August 26: Deadline for determinations in the Section 232 investigations into PPE, medical consumables, and medical equipment and robotics and industrial machinery.

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