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Trade Lines

Policy Intelligence for Global Business Leaders

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

- Canada announces retaliatory tariffs after trade talks collapsed

Policy Pulse

- Administration declares national emergency to secure U.S. bulk power system
- Most-favored-nation deals announced with nine additional pharmaceutical manufacturers
- CBP seeks input on heightened import disclosures for supply chain visibility
- White House labels more than 40 jurisdictions as facilitating illegal transshipment of goods
- CBP delays Phase 3 deployment of CAPE refund process
- White House releases National Security Science and Technology Strategy
- 43 entities added to the UFLPA Entity List

Hill Highlights

- Ways and Means Committee holds hearing on critical minerals
- Lawmakers introduce bill to repeal Section 338 tariffs
- House lawmakers introduce bipartisan bill to amend Section 337 of the Tariff Act of 1930
- House lawmakers urge Trump Administration to calm trade war with Canada
- House passes legislation targeting foreign trade crimes

Global Signals

Canada announces retaliatory tariffs after trade talks collapsed

After negotiations between the United States and Canada broke down late on August 21, 2026, and additional *ad valorem* duties of 50% on certain Canadian goods took effect, Canada [announced](#) retaliatory tariffs to take effect September 8. Canada released its retaliation list, covering approximately \$27.6 billion

of U.S. imports, which it describes as a “dollar-for-dollar, rate-for-rate” response to the Section 338 tariffs. The list includes steel and aluminum products, dairy and milk-derived ingredients, appliances, agricultural equipment, pulp and paper, products, and electronics, as well as plastics and packaging materials, cosmetics and personal care products, furniture, apparel, alcoholic beverages, and a broad range of other consumer and industrial goods. Existing Canadian countermeasures on U.S. automobiles remain in place. After releasing the list, Canada announced a targeted adjustment removing seafood and fish products, following industry concerns that the tariffs could disrupt integrated North American supply chains and harm Canadian processors.

Policy Pulse

Administration declares national emergency to secure U.S. bulk power system

On August 26, the Trump Administration issued an executive order ([EO 14420](#)) declaring a national emergency after concluding that foreign-made power grid equipment can create vulnerabilities in the U.S. electric system, including potential “digital backdoors” that could enable remote access by foreign actors. The administration states that the foreign supply of bulk-power system equipment constitutes an “unusual and extraordinary threat” to U.S. national security, foreign policy, and the economy. The order authorizes the Department of Energy (DOE) to review, restrict, or block transactions involving equipment that pose an “undue risk” to the electric grid or national security, while allowing approved vendors and equipment to continue operating under certain conditions. DOE must issue implementing regulations and identify equipment that poses unacceptable risks within 120 days and is required to recommend changes to federal procurement rules that would prioritize “United States-manufactured energy infrastructure” within 180 days.

See a White House fact sheet [here](#).

Most-favored-nation deals announced with nine additional pharmaceutical manufacturers

On August 31, the White House [announced](#) new “Most Favored Nation” (MFN) agreements with nine mid-sized pharmaceutical manufacturers that aim to more closely align U.S. drug prices with those offered in other developed nations. The agreements also include commitments from several of the companies to donate active pharmaceutical ingredients (APIs) to the Strategic Active Pharmaceutical Ingredients Reserve (SAPIR). The White House said the agreements are intended to address what it views as an imbalance in pharmaceutical pricing between the United States and other countries. According to the [fact sheet](#), the agreements will reduce prices for unnamed drugs that are used to treat “numerous costly, chronic, and even rare diseases, including hemophilia, Parkinson’s disease, macular degeneration, glaucoma, liver disease, skin conditions, and various forms of cancer.”

As a result of the MFN deals, branded pharmaceuticals produced by these nine companies are expected to be exempted from tariffs under Section 232 of the Trade Expansion Act of 1962 through January 20, 2029. The tariffs took effect on July 31 for branded pharmaceuticals imported by large pharmaceutical

companies listed on Annex III of the presidential [proclamation](#). For all other companies, the tariffs are scheduled to take effect on September 29.

CBP seeks input on heightened import disclosures for supply chain visibility

On September 2, 2026, U.S. Customs and Border Protection (CBP) published an [Advance Notice of Proposed Rulemaking](#) (ANPRM) seeking input on new requirements to increase visibility into imported goods' supply chains. Issued under [Executive Order 14411](#), "Strengthening Customs Enforcement," it explores three potential requirements: (1) submitting documentation foreign exporters file with their own customs authorities (e.g., export declarations, invoices, certificates of origin); (2) enhanced identification of supply chain parties, potentially replacing the Manufacturer Identification Code (MID) with Global Business Identifiers (GBIs); and (3) AI-driven traceability tools and an expanded CTPAT program to detect illegal transshipment. This is a preliminary step to gather comments, not a binding rule. Comments on the ANPRM are due to CBP by December 1, 2026.

White House labels more than 40 jurisdictions as facilitating illegal transshipment of goods

In August, the White House Office of Trade and Manufacturing Policy released a [report](#) entitled "The Great Transshipment Scam" which identified over 40 jurisdictions "associated with elevated illegal transshipment risk." The report describes illegal transshipment as involving "relabeling, repackaging, re-invoicing, minor processing, false country-of-origin claims, or other actions intended to secure tariff treatment that would not apply if the goods' true economic original were declared." The report also references the customs executive order ([EO 14411](#)) issued in June, which is intended to strengthen importer accountability through enhanced bonding requirements, ownership and business-affiliation disclosures, domestic asset requirements, good-standing requirements, stronger penalties, and greater trade transparency. The report also describes a planned AI-driven enforcement framework that would combine shipment data, routing histories, ownership information, production-capacity analysis, anomaly detection, and cargo-screening technologies to identify suspected origin fraud and tariff evasion. The report indicates the system would be used to target high-risk shipments and support duty collection, penalties, and exclusions.

CBP delays Phase 3 deployment of CAPE refund process

In its latest filing with the U.S. Court of International Trade (CIT), CBP reported continued progress processing refunds associated with duties collected under the International Emergency Economic Powers Act (IEEPA). As of August 21, CBP stated that approximately \$132.5 billion in potential and certified refunds have been accepted for processing through the Consolidated Administration and Processing of Entries (CAPE) system. Of that amount, approximately \$106.6 billion has been certified and transmitted to Treasury for payment, covering more than 272,000 refund declarations and approximately 26.4 million entries. CBP also disclosed that deployment of Phase 3 of the CAPE system - which is expected to address

finally liquidated entries - has been temporarily delayed. CBP has not provided a revised deployment timeline for Phase 3. The agency's next progress report must be filed with the CIT by September 15.

White House releases National Security Science and Technology Strategy

The White House Office of Science and Technology Policy released its [National Security Science and Technology Strategy](#) (NSSTS) on August 17-18, 2026, a companion to the 2025 National Security Strategy that "describes how the United States will leverage its science and technology (S&T) enterprise to support and enable the objectives of the 2025 NSS." It organizes federal R&D around four pillars: "Focusing Techno-Strategic Competition," "Building Technological Resilience," "Accelerate the Pace of Innovation," and "Protect National Security S&T." The strategy identifies artificial intelligence, biotechnology, quantum technologies, semiconductors, advanced manufacturing, cybersecurity, and space technologies as critical areas for U.S. investment and leadership.

On export controls, the strategy takes a dual-track approach, stating that export controls are a key tool for protecting U.S. technological advantages while also seeking to "eliminate or streamline outdated controls" that could impede innovation, competitiveness, or international collaboration. The document also calls for stronger protections around sensitive technologies, research, foreign investment, and data transfers, reflecting the growing convergence of technology policy, economic security, supply chain resilience, and national security.

43 entities added to the UFLPA Entity List

On July 31, 2026, the Department of Homeland Security (DHS), on behalf of the Forced Labor Enforcement Task Force (FLETF), [announced](#) the addition of [43 companies](#) to the Uyghur Forced Labor Prevention Act (UFLPA) Entity List, representing the largest single expansion of the list to date. The list reaches across the pharmaceutical and biotechnology, critical minerals and metals, battery and energy materials, electronics, textiles and apparel, agriculture and food processing, and transportation infrastructure sectors, reflecting a broader U.S. enforcement focus on both traditional consumer goods and strategic industrial supply chains.

Effective August 3, 2026, CBP began applying the UFLPA's rebuttable presumption to goods produced by the newly listed entities. Such goods are presumed to be made with forced labor and therefore prohibited from entry into the United States unless the importer provides detailed evidence demonstrating otherwise.

Hill Highlights

Ways and Means Committee holds hearing on critical minerals

On September 2, the House Ways and Means Committee examined how partnerships with countries in Africa and Central Asia could strengthen U.S. critical mineral supply chains. Members and witnesses discussed a longer-term reauthorization of the African Growth and Opportunity Act (AGOA), potentially including critical minerals provisions, to provide greater certainty for investment in mining, processing, energy, and manufacturing. Several participants also urged Congress to remove Kazakhstan, Uzbekistan, and Tajikistan

from Jackson-Vanik restrictions and grant them permanent normal trade relations to deepen commercial ties and reduce U.S. reliance on China and Russia. The hearing also addressed federal financing, private capital, processing capacity, infrastructure, and advanced manufacturing production tax credits as tools to support more resilient supply chains. Although the issue drew bipartisan interest, several Democrats also called for the Committee to examine the trade conflict with Canada and its effects on affordability, health care, and access to critical inputs. See the hearing record and witness testimony [here](#).

Lawmakers introduce bill to repeal Section 338 tariffs

Rep. Brad Schneider (D-IL) [introduced](#) a bill, the “Banning Antiquated Duties and Delivering Equitable American Levies (BAD DEAL) Act of 2026” ([H.R.10175](#)), that would repeal Section 338 of the Tariff Act of 1930, as well as nullify tariffs imposed on Canadian imports and refund all duties paid under this authority. Other house cosponsors include Reps. Terri Sewell (D-AL), Don Beyer (D-VA), Suzan DelBene (D-WA), Jimmy Panetta (D-CA), Tim Kennedy (D-NY-26), Greg Stanton (D-AZ) and Suhas Subramanyam (D-VA). Sen. Kirsten Gillibrand (D-NY) and Sen. Peter Welch (D-VT) plan to introduce a Senate [companion bill](#) in September, when the Senate is back in session.

House lawmakers introduce bipartisan bill to amend Section 337 of the Tariff Act of 1930

Rep. David Schweikert (R-AZ) introduced a bipartisan bill ([H.R.10218](#)) on September 1 to “amend section 337 of the Tariff Act of 1930 to ensure that the resources of the U.S. International Trade Commission are focused on protecting genuine domestic industries, to safeguard the public health and welfare and the United States economy, and to improve the transparency of third-party litigation funding.” The bill was introduced to the House Ways and Means Committee and is co-sponsored by Rep. Don Beyer (D-VA).

House lawmakers urge Trump Administration to calm trade war with Canada

Rep. Debbie Dingell (D-MD) led a [letter](#) signed by 87 other House Democrats urging President Trump to “change its diplomatic approach with our closest ally, Canada” on August 31. The letter criticized the administration’s “escalating and chaotic use of trade barriers against Canada” which is “creating uncertainty for businesses, workers, farmers, and consumers.”

House passes legislation targeting foreign trade crimes

The House of Representatives passed the “Protecting American Industry and Labor from International Crimes [Act](#)” which was led by the Select Committee on China Chairman John Moolenaar (R-MI), and committee members Rep. Ashley Hinson (R-IA) and Rep. Raja Krishnamoorthi (D-IL). The bipartisan bill creates a new task force at the Department of Justice to prosecute trade-related crimes. In a [press release](#), Moolenaar said the bill would “arm the Department of Justice with the tools to stop trade crimes often perpetrated by China-backed companies” including “tariff and duty evasion, import and export restrictions, trade-based money laundering, smuggling, and other import and export-related crimes.”

Key Dates

September 8: Canada's tariff countermeasures take effect.

September 15: Deadline for CBP's next IEEPA refund update to the CIT.

September 15-17: WTO Public Forum takes place in Geneva.

September 22: USTR holds hearing in Section 301 investigation into Germany's pharmaceutical pricing practices.

September 24: President Trump and Chinese President Xi Jinping meet in Washington, D.C.

September 29: Section 232 tariffs on branded pharmaceuticals take effect for all companies.

October 24: USTR findings due in Section 301 investigation related to China's Phase One commitments.

November 10: U.S.-China trade truce expires.

November 30: USTR findings due in Section 301 investigation into Vietnam's IP practices.

December 1: Comments due to CBP concerning new requirements to increase visibility into supply chains

If you have questions, please contact Blake Harden (blake.harden@ey.com).

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