TRADE NEWS WEEKLY

January 26-January 30, 2026

A summary of international business news prepared by the Hawaii Foreign-Trade Zone 9 with the collaboration of the Research and Economic Analysis Division of the Department of Business, Economic Development & Tourism, and based on research and information from various trade publications, which track news and events related to global trade. Other information sources may occasionally be included when appropriate.

USMCA Redux

Supply chains within the U.S., Mexico and Canada (USMCA) have remained broadly constant since the USMCA entry into force despite shocks from the COVID-19 pandemic and the shift in tariff policy by the second U.S. Trump administration.

- There has been a notable shift in the past year toward greater use by firms of USMCA duty-free entry. In the three months to Aug. 31, 2025, about 75% of Mexican exports and 80% of Canadian exports to the U.S. were entered under tariff exemption schemes, including the USMCA, versus about 50% on a trailing-12-month basis.

- Stricter rules of origin and regional foreign investment screening are likely to be among the most salient issues at a trilateral level during the USMCA review. Indicators suggest alignment between the U.S. and Mexico on rules of origin, and the three countries have indicated openness to increase scrutiny over incoming investment flows.

- At a bilateral level, targeted sectorial adjustments are more likely than structural overhauls. Energy, agriculture and security are likely to be contentious topics in the U.S.-Mexico relation, whereas the Canadian supply management system and the lumber sector will be so in the U.S.-Canada talks.

- In S&P Global Market Intelligence's baseline scenario for the USMCA review, the three countries will agree to extend the deal for another 16-year period, with a reduced IEEPA tariff remaining for non-USMCA-compliant exports from Canada and Mexico. An alternative scenario with increasing likelihood is the establishment of two separate bilateral agreements, although its economic impact is likely to be very similar to the baseline.

Source: Panjiva Data

No Section 232 Tariffs on Critical Minerals as President Seeks Agreements

The Trump administration has elected not to impose Section 232 tariffs on imports of processed critical minerals and their derivative products (PCMDP) while it seeks to negotiate agreements with other countries to address the threatened impairment of U.S. national security that a Bureau of Industry and Security investigation concluded is presented by imports of such goods. A related presidential proclamation states that in such negotiations the U.S. will consider price floors for trade in PCMDPs as well as other trade-restricting measures.

A White House fact sheet warns that tariffs and other actions deemed necessary to adjust imports may be taken if agreements are not entered into within six months, are not being carried out, or are ineffective. Further, the secretary of commerce is directed to continue to monitor imports of PCMDPs and inform the president of “any circumstances that might indicate the need for further action under Section 232.”

According to the proclamation, a Section 232 investigation concluded in October 2025 that processed critical minerals and their derivative products are “indispensable to almost every industry” and are “embedded across defense and commercial supply chains.” The investigation also determined that the U.S. “is too reliant on foreign sources of PCMDPs, lacks access to a sufficiently secure and reliable supply chain to PCMDPs, is experiencing unsustainable price volatility with respect to critical mineral markets, and is suffering from weakened domestic manufacturing and production capacity of PCMDPs.”
Source: Sandler, Travis & Rosenberg, P.A.

U.S. Plans Additional Tariff on Semiconductors from China

The Office of the U.S. Trade Representative (USTR) has determined that China’s acts, policies, and practices related to targeting of the semiconductor industry for dominance are unreasonable and burden or restrict U.S. commerce and are therefore actionable under Section 301 of the Trade Act of 1974.

USTR has also determined that appropriate responsive action includes imposing an additional tariff on imports of semiconductors from China (see chart in this notice for list of affected HTSUS subheadings). This tariff will be set at zero as of December 23, 2025, and will increase on June 23, 2027, to a rate to be announced not fewer than 30 days prior to that date. This new tariff will be in addition to the existing 50 percent tariff on semiconductors from China imposed pursuant to the Section 301 investigation related to forced technology transfer.
Source: Sandler, Travis & Rosenberg, P.A.

Legislative Updates

De minimis. The Secure Revenue Clearance Channel Act (H.R. 7224, introduced January 22, 2026, by Reps. Miller, R-W.V., and Beyer, D-Va.) would allow express consignment carriers or operators to informally enter imported shipments valued at not more than $600. Exceptions would be provided for imports subject to antidumping or countervailing duties, tariff-rate quotas, and certain taxes and fees collected or imposed, respectively, by agencies other than U.S. Customs and Border Protection. Covered shipments would be free from Section 232 tariffs and most-favored-nation duties but would be subject to one of three fees, as chosen by the importer of record.

Trade preferences. The House of Representatives approved January 12, 2026, separate bills that would extend the African Growth and Opportunity Act and the Haiti HOPE and HELP acts until December 31, 2028. However, the House also passed January 22, 2026, separate legislation making fiscal year 2026 appropriations for various federal agencies that include language only extending these trade preference programs through December 31, 2026.

Exports. The House Foreign Affairs Committee advanced January 21, 2026, the AI Overwatch Act, which the committee said, “applies longstanding congressional oversight to exports of America’s sensitive, military-enhancing AI chips.”
Source: Sandler, Travis & Rosenberg, P.A.

China Agricultural Tariffs

The Department of Agriculture’s Foreign Agricultural Service (FAS) states that effective Jan. 1, 2026, China eliminated the tentative most-favored-nation tariff rates previously applied to fresh and dried cranberries and specific types of frozen fish. These tariff rates for these products will thus revert to their standard MFN levels of 30 percent for fresh cranberries (HS 0810.40.00), 25 percent for dried cranberries (HS 0813.40.90), and seven percent for frozen fishery products (HS 0303.45.10, 0303.45.20, and 0303.46.00).

FAS notes that each year China's State Council Tariff Commission (SCTC) announces tentative import and export tariff rates for select commodities that are effective for the following year. These tentative rates, which are typically lower than standard MFN tariffs, remain in effect until the SCTC terminates them. China currently applies tentative MFN tariff rates to 935 tariff lines.
Source: Sandler, Travis & Rosenberg, P.A.

Forced Labor Import Restrictions on Some Palm Oil Lifted

A withhold release order that required the detention at all U.S. ports of entry of palm oil and palm oil products produced in Malaysia by FGV Holdings Berhad or its subsidiaries and joint ventures has been lifted. U.S. Customs and Border Protection (CBP) states that as of Jan. 15, 2026, it is allowing such goods to enter the U.S. provided they are otherwise compliant with U.S. laws.

A CBP press release states that this WRO was issued Sept. 30, 2020, based on evidence reasonably indicating that the working conditions at FGV exposed workers to all 11 International Labor Organization forced labor indicators. However, since that time FGV has taken actions to identify, correct, and prevent forced labor using the established process that allows interested parties to request that CBP modify a WRO or forced labor finding.

CBP also notes that since 2019 it has issued and modified eight WROs and forced labor findings in Malaysia's palm oil and glove manufacturing sectors, resulting in the repayment of more than $85 million in withheld wages and recruitment fees to workers trapped in debt bondage.
Source: Sandler, Travis & Rosenberg, P.A.

Japan Reports Rare Earth Mineral Restriction From China

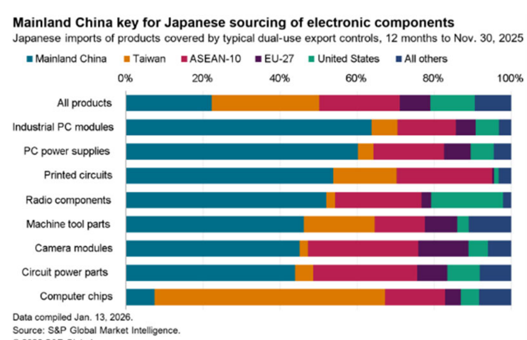
Japanese domestic media on January 9, 2026, cited reports from firms of lost access to certain heavy rare earth elements and magnets from mainland Chinese suppliers. These reports coincided with a January 6th announcement by mainland China's Commerce Ministry imposing export controls on "all dual-use items to end users that help enhance Japan's military strength." The ministry further stated that the measures would also apply to third countries or territories transferring mainland Chinese-origin dual-use goods to Japan, while specifying that "civilian users would not be affected."

Although mainland China's January 6, 2026, export restrictions on Japan are focused on military applications, broader spillover to civilian sectors such as semiconductors, automobiles, and renewable technologies remains highly probable, based on precedent.

While mainland Chinese authorities have not yet specified the restricted items, past dual-use control lists have covered materials such as antimony, superhard alloys, and heavy rare earths used in the production of high-performance magnets, including dysprosium and terbium. The list may also include electronics and machine tool parts that have featured in dual use lists across many jurisdictions, including the US Common High Priority Items.

The measures indicate mainland China's growing capacity and intent to impose sanctions extraterritorially; enforcement is likely to remain highly selective.

The Japanese government is likely to accelerate critical mineral diversification and strategic stockpiling in coordination with partner markets. US involvement is increasingly likely, risking disruptions to the mainland China–U.S. trade truce negotiated in Busan in October 2025.



Source: Panjiva Data

U.S. Withdraws From 66 International Organizations

The U.S. government's decision to withdraw from 66 international organizations, including several related to global trade and maritime security, is intended to reclaim national independence and reduce spending on what it views as ineffective agendas. This move could have long-term strategic costs for the U.S., as it may lose influence over global trade rules and face increased trade barriers, potentially impacting industries like agriculture and energy, but it could also enable the U.S. to exercise control over trade partners.
Source: Panjiva Data

China and the USTR Section 301 Review

The U.S. Trade Representative's Section 301 review — initially launched by the Biden administration — determined that mainland China's strategy for semiconductor industry dominance is disadvantageous for U.S. businesses, but tariffs have been delayed to 2027.

This should not be confused with the ongoing Section 232 investigation launched by the Trump administration, with the zero rating likely designed to avoid destabilizing the current U.S.-mainland China "one-year trade truce" rather than prejudging the outcome of that review.

Mainland China's share of U.S. imports of products covered by the review was just 3.8% in the past 12 months, down from 8.5% in 2016 as a result of earlier Section 301 duties applied in 2018 but that are currently suspended. The exposure to future tariffs from the latest review is higher for some products including non-photovoltaic (PV), non-LEDs where the share was 24.2%.
Source: Panjiva Data

China-Canada Trade Deal Called "Strategic Partnership"

The governments of mainland China and Canada have outlined a new trade and investment-focused "strategic partnership" to boost trade and investments between the two markets, including specific, near-term concessions in the automotive and farm goods space. The arrangement is preliminary in nature and so may develop further over the next 12 months.

These are designed in part to help Canada double its exports to mainland China by 2030, for which we currently forecast growth of 20.6%, including 33.1% growth in food products.

Canada will allow 49,000 mainland Chinese electric vehicles (EVs) in at a reduced tariff rate per year, which is only 2.4% of mainland China's exports of EVs, but represents 46.5% of Canada's imports and compares with a 12-month peak of 46,509 EVs imported to Canada from mainland China in the 12 months to April 30, 2025. U.S. suppliers of EVs may lose out given mainland Chinese EV exports cost just 32.2% of the U.S.'.

Mainland China will allow increased agricultural exports from Canada, focused initially on canola. Mainland China accounted for 8.8% of Canada's farm goods exports in the 12 months to Oct. 31, 2025, and already accounted for 32.6% of canola.

Prime Minister Mark Carney is building new trade and investment opportunities to drive Canada's near-term real GDP growth, with a particular boost for Saskatchewan's agricultural industry output, which has yet to recover fully from lost production in previous years. The predictability and assurance of investment spending flowing into Canada would help reduce the lingering uncertainty due to U.S. tariffs and trade policy.

Closer relations with mainland China may cause friction with the U.S., which accounted for 48.5% of Canada's farm goods exports. While food-related U.S. tariffs are unlikely, it may add to the bilateral disagreements in the forthcoming United States-Mexico-Canada Agreement (USMCA) renegotiation.
Source: Panjiva Data