

# TRADE NEWS WEEKLY

May 18-May 22, 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.

## Trade Enforcement Gets Funding Boost in President's Proposed Budget

Presidential budget proposals offer a clear window into each administration's priorities, and the fiscal year 2027 proposal released April 3, 2026, by the White House sends a strong signal that trade enforcement will remain a central focus for the Trump administration.

The proposal would increase funding for several trade- and tariff-related agencies. Most notably, the budget requests a 45 percent increase for the Office of the U.S. Trade Representative, which would fund roughly 70 additional staff positions in an agency that currently has just over 200 employees.

The proposal includes an overall funding cut for the Department of Commerce (DOC), but the DOC's Bureau of Industry and Security (BIS) would see an increase of more than \$200 million, nearly doubling the budget for an agency responsible for enforcing export controls and administering product-based Section 232 tariffs. The department's International Trade Administration would get less money for trade promotion activities, particularly overseas commercial officers, but more for its enforcement of antidumping and countervailing duty laws.

The Department of Homeland Security would receive an additional \$136 million to modernize U.S. Customs and Border Protection's Automated Commercial Environment, a system essential for processing imports and collecting tariffs that will also be used to issue billions of

dollars in refunds of IEEPA tariffs overturned by the Supreme Court.

Some federal spending remains unpredictable, but the president's FY 2027 budget proposal underscores that this administration will continue to prioritize trade enforcement. Companies should therefore treat trade compliance as a constant, not a periodic, obligation.

**Source: Sandler, Travis & Rosenberg, P.A.**

## Section 122 Tariffs

A three-judge panel of the U.S. Court of International Trade (CIT) has issued a 2-1 decision overturning the Section 122 tariffs, reasoning that a trade deficit does not qualify as a balance-of-payments deficit for application of Section 122. While the CIT enjoined U.S. Customs and Border Protection (CBP) from Section 122 tariff collections and ordered refunds, the immediate relief was limited to the three plaintiffs. The Justice Department immediately appealed the decision to the U.S. Court of Appeals for the Federal Circuit (CAFC) but also filed a motion with the CIT for a stay that would block the relief granted to the plaintiffs while the case is appealed. *State of Oregon, et. al. v. U.S.*, CIT Slip Op. 26-47 (May 7, 2026).

CBP collection of Section 122 tariffs will continue for other importers while the decision is appealed, but the Section 122 tariffs are already scheduled to end on July 24, 2026.

**Source: Miller & Company P.C.**



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## 232 Pharma Tariff Relief

The Bureau of Industry and Security (BIS) has issued a Notice with procedures for pharmaceutical companies to submit plans to “onshore” manufacturing. In return, the companies will be able to temporarily avoid the 100% Section 232 tariffs on covered pharmaceuticals. Applications are requested by June 12, 2026.

**Source: Miller & Company P.C.**

## 232 Product Exclusions

The U.S. Court of Appeals for the Federal Circuit (CAFC) has affirmed a lower court’s decision upholding Commerce Department denials of an importer’s Section 232 steel product exclusion requests. The importer had challenged Commerce timeframe calculations in evaluating domestic availability. *Seneca Foods Corp. v. U.S.*, CAFC Slip Op. 2025-1310 (May 15, 2026).

**Source: Miller & Company P.C.**

## USMCA Negotiations

The U.S. and Mexico have formally launched the next phase of the 2026 review of the U.S.-Mexico-Canada Agreement (USMCA) by scheduling the first official bilateral negotiating round for the week of May 25, 2026, in Mexico City. USMCA stipulates that the parties are to conduct a review of the agreement every six years.

**Source: Miller & Company P.C.**

## Lacey Act Penalty

Publicly traded Boise Cascade Company has pleaded guilty and was sentenced for a Lacey Act felony violation for its role in a scheme by Horizon Plywood to evade antidumping and countervailing duties (AD/CVD) on Chinese plywood imports. The government alleged that Boise Cascade knew that Horizon had previously tried to hide the origin of the wood by transshipping products from China to Malaysia and was aware that the U.S. executed a search warrant at Horizon’s warehouse before placing new orders. The company will pay a \$6,382,000 fine, representing twice gross profits on the wood it purchased from Horizon. Two Horizon

principals were sentenced in February 2024 for conspiracy and Lacey Act violations.

**Source: Miller & Company P.C.**

## CAPE and IEEPA Refunds

CBP launched the first phase of the Consolidated Administration and Processing of Entries (CAPE) program on April 20, 2026, to automate International Emergency Economic Powers Act (IEEPA) tariff duty refunds. According to CBP Executive Director of Trade Programs Brandon Lord, as of May 11, 2026, 8.3 million entries have been liquidated and/or reliquidated without IEEPA duties for an anticipated duty refund and interest amount of approximately \$35.46 billion.

While 126,237 CAPE declarations have been submitted as of May 11, 2026, only 86,874 had passed CBP file validations. 1,800 refunds have not been transmitted to the Treasury Department because of issues with the importer’s ACH account information. CBP is reliquidating some entries multiple times as part of the process. We encourage clients to closely monitor their CAPE declarations to identify issues and confirm refunds.

CBP has deployed four new ACE reports to assist trade users and brokers in monitoring CAPE declaration submissions and IEEPA refunds. CSMS #68536553 (May 4, 2026).

CBP has warned importers of scams targeting IEEPA refunds and provided best practices to secure information and payments. CSMS #68569567 (May 7, 2026).

CBP has recently added to its IEEPA Duty Refunds Frequently Asked Questions (FAQ), including mandatory duty netting rules, debt diversions and offsetting, payment distribution, legal action requirements, and multi-IOR broker bulk uploads.

**Source: Miller & Company P.C.**

## China Section 301

On May 6, 2026, the USTR initiated the second statutory four-year review of the China Section 301 tariff actions. These actions, originally imposed in July and August 2018, are subject



to potential termination unless a request for continuation is made by domestic industry. If one or more continuation requests are received, USTR will proceed to the next phase of the review, which will include an opportunity for broader public comments on the effectiveness and potential modification of the tariffs. 91 Fed. Reg. 24636 (May 6, 2026).

On May 12, 2026, the Justice Department filed a brief in opposition to the plaintiff's petition to the U.S. Supreme Court for a writ of certiorari in the HMTX Industries litigation over the propriety of the China Section 301 tariffs on Lists 3 and 4A products. The plaintiff's response is due on May 26, 2026.

**Source: Miller & Company P.C.**

## Trade Deliverables from U.S.-China Summit

A recent summit between U.S. President Donald Trump and Chinese President Xi Jinping appears to have yielded few results with respect to bilateral trade.

A White House fact sheet highlighted the chartering of two new institutions "to optimize the bilateral economic relationship." The U.S.-China Board of Trade will allow the two governments to manage bilateral trade across non-sensitive goods, while the U.S.-China Board of Investment will provide a government-to-government forum for discussing investment-related issues. No further details about when these institutions will begin to operate, what managed trade might look like, which goods might be considered non-sensitive, etc., have yet been provided. However, U.S. Trade Representative Jamieson Greer reportedly said his agency will "put out a call for public comment" on some of these issues.

The fact sheet also asserted that the U.S. secured "a sweeping package of commitments that will drive high-paying American jobs and open new markets for U.S. goods," including the following.

- China will address U.S. concerns regarding (1) supply chain shortages related to rare earths and other critical minerals, including yttrium, scandium, neodymium, and indium, and (2)

prohibitions or restrictions on the sale of rare earth production and processing equipment and technologies.

- China has approved an initial purchase of 200 U.S.-made aircraft for Chinese airlines.

- China will purchase at least \$17 billion per year of U.S. agricultural products in 2026 (prorated), 2027, and 2028, in addition to the soybean purchase commitments it made in October 2025.

- China has restored market access for U.S. beef by renewing the expired listings of more than 400 U.S. beef facilities and adding new listings and will work with U.S. regulators to lift all suspensions of U.S. beef facilities.

- China has resumed imports of poultry from U.S. states determined by the U.S. Department of Agriculture to be free of highly-pathogenic avian influenza.

The two presidents plan to meet again in Washington, D.C., this fall.

**Source: Sandler, Travis & Rosenberg, P.A.**

## Hormuz Oil Flows Creep Higher as More Supertankers Exit

The number of supertankers hauling unsanctioned oil through the Strait of Hormuz has shown signs of rising in recent days, offering limited relief to an oil market that's suffered the largest supply disruption in history.

Four ships each hauling 2 million barrels of mostly-Iraqi crude have exited since May 10, 2026, — a rate close to 2 million barrels a day — according to vessel tracking data compiled by Bloomberg. Still, prior to the war, there were about 20 or so tankers of various sizes crossing the waterway daily.

Oil traders are monitoring Hormuz flows closely because the blockage of the waterway has already cut about a billion barrels from global supply. While shipments from countries other than Iran have crept up, those from the Islamic Republic have slumped sharply since an American blockade.



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Hormuz has remained largely blocked since the war began in late February and has been subject to an international diplomatic arm wrestle ever since.

Iran earlier this month laid out an updated process for ships wanting to cross Hormuz that involved dealing with a body called the Persian Gulf Strait Authority. At the same time, the U.S. has maintained a blockade, from the edge of the Gulf of Oman, on Iranian ports.

That has slowed maritime traffic in the region, though some vessels have been able to cross thanks to agreements between governments. Still, while a handful of tankers have been able to escape, it's less clear whether they'll be willing to return given the risks to shipping.

In recent weeks, some commercial ships have crossed with their satellite signals off, meaning it's possible the number increases down the line once those vessels re-emerge away from the Middle East. In total 38 vessels of all kinds — not just oil tankers — have crossed Hormuz in both directions over the past seven days, three times as many as in the week to May 9, 2026. Most of those transited without signaling until they reach the Gulf of Oman.

Of the four supertankers that departed with their signals on, three loaded crude oil in Iraq. The other is carrying cargoes from the United Arab Emirates and Kuwait, the vessel tracking data show.

Iran said that it is now allowing Chinese ships to pass the Strait of Hormuz following discussions with the country's foreign ministry. A day earlier, the supertanker Yuan Hua Hu became the third Chinese VLCC to cross the waterway.

There's been a similar trend in other markets too, with a series of very large gas carriers adding to the number of crossings in recent days.

Tracking the number of ships crossing Hormuz has been complicated by the fact that some vessels have transited while switching off their satellite transponders. Last month, the boss of commodity trader Mercuria Energy Group said

the company has been able to get vessels out of the waterway but declined to elaborate on how.

Middle Eastern oil companies, including Saudi Arabia Aramco Trading Co. and the UAE's state-owned Abu Dhabi National Oil Co. have also moved crude cargoes through the waterway since it was closed, people familiar with the situation said last week.

**Source: Bloomberg L.P.**

## U.S. and South Korea Sign Shipbuilding Cooperation Deal

The U.S. Department of Commerce (DOC) and South Korea's Ministry of Trade, Industry and Resources (MOTIR) on May 8, 2026, signed a bilateral memorandum of understanding (MOU) establishing the Korea-U.S. Shipbuilding Partnership Initiative (KUSPI), a new platform that seeks to strengthen bilateral cooperation in commercial shipbuilding, workforce development, industrial modernization, and maritime manufacturing investment.

According to a DOC press release, the KUSPI is intended to leverage the Korea-U.S. Shipbuilding Partnership Center, which is expected to be established later this year in Washington, D.C., and will support expanded collaboration between government, industry, and research institutions from both countries. Specific activities include facilitating foreign direct investment into the U.S. maritime industrial base, workforce training initiatives, shipyard productivity improvement projects, technical exchanges, and other efforts as determined by the DOC and MOTIR.

Under the MOU, the DOC is committed to help facilitate Center interactions with U.S. shipbuilding companies, suppliers, universities, and research institutes, as well as to act as the U.S. government-wide point of contact for the Center. MOTIR, for its part, will coordinate cooperation across the South Korean government and other shipbuilding stakeholders and will provide the personnel and funding necessary for the Center.

**Source: Sandler, Travis & Rosenberg, P.A.**

