# TRADE NEWS WEEKLY

## August 31-September 4, 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.

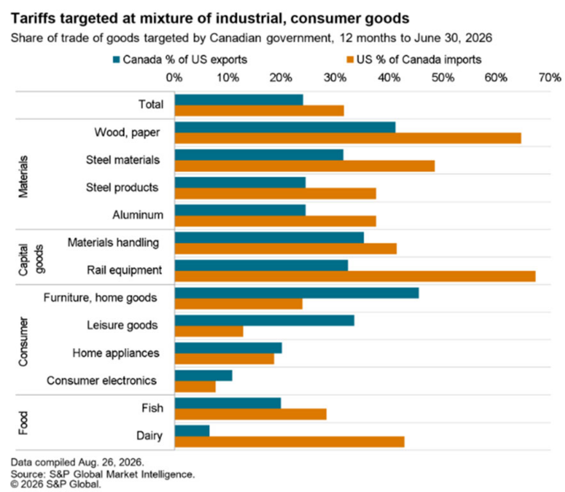
### Canada Withdraws from Trade Negotiations

The Canadian government has withdrawn from trade negotiations with the U.S., citing "last-minute changes in the U.S. proposed terms," while the U.S. has stated Canada has made "new demands and walk backs."

Consequently, U.S. Section 338 tariffs on a range of Canadian products have been applied at a 50% rate from Aug. 21, 2026, while Canada has responded with tariffs of 15%-50% on a range of products from Sept. 8, 2026. The U.S. is likely to take countermeasures.

The list of products targeted by the Canadian tariffs accounted for 874 items across four broad product groups covering about C$27.4 billion. S&P Global Market Intelligence estimates Canada accounted for 23.9% of U.S. exports of the products concerned in the 12 months to June 30, 2026. In capital goods (34.5%), targets include materials handling machinery and railway equipment. Materials covered include wood and paper products (41.1%) and steel materials (31.4%). Consumer goods targeted include furniture (45.4%) and leisure goods (33.4%), while food (11.9%) is limited to a narrow range of dairy and fish products.

The talks were about more than just Section 338 tariffs, with United States-Mexico-Canada Agreement (USMCA) renegotiations also now on hold, extending supply chain investment uncertainties for firms. It is unlikely that the USMCA will be abandoned given the importance to both sides, including an expected 63.6% of Canada's non-energy exports and 18.0% of U.S. non-energy exports in 2027, although Canada's export economy is steadily becoming less reliant on the U.S.




***Source: S&P Global Market Intelligence***

### Import Duties on Beef Lowered for Three Months

On August 26, 2026, President Trump issued a proclamation temporarily lowering import duties on lean beef trimmings combined with U.S. beef to produce ground beef.

The U.S. maintains a tariff-rate quota on imports of certain beef products that allows a set volume of covered goods into the U.S. at a lower duty rate, with any additional amounts subject to a higher rate.

According to a White House fact sheet, the proclamation will expand the in-quota amount under this TRQ by a total of 300,000 metric tons. This increase will be administered in three

HAWAII FOREIGN-TRADE ZONE NO. 9
521 ALA MOANA BLVD, STE 101 • HONOLULU, HI 96813
Tel. 808-586-2507 • administrator@ftz9.org
www.ftz9.org • www.facebook.com/HawaiiFTZ
X (formally Twitter) at: @FTZ9

month-long tranches of 100,000 mt each that will be open in September, October, and November 2026. It will apply to lean beef trimmings classifiable under HTSUS 0201.30.5091, 0201.30.5097, 0202.30.5091, and 0202.30.5097.

The proclamation further directs the Department of Agriculture (DOA) and the Office of the U.S. Trade Representative (USTR) to monitor whether the additional imports are being sold at a price 25 percent below the market price for lean beef trimmings. If not, the president will have the option to eliminate what remains of the increased in-quota quantity to "prevent a windfall to foreign producers."

The proclamation said these actions are being taken after a determination that the domestic supply of beef products, including ground beef, "will be inadequate to meet domestic demand at reasonable prices because of natural disasters, disease, or major national market disruptions."
***Source: Sandler, Travis & Rosenberg, P.A.***

## Electric System Equipment Imports from Some Countries Prohibited

On August 26, 2026, President Trump issued an executive order (EO) banning imports of bulk-power system electric equipment from some foreign countries.

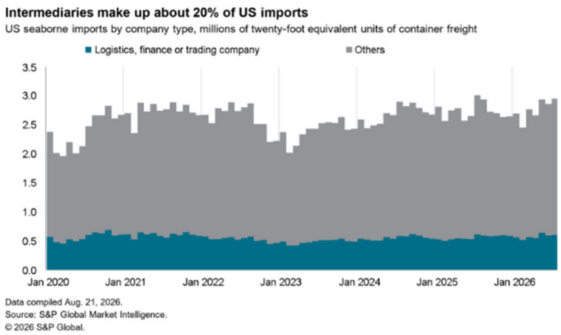
The EO declares a national emergency under the International Emergency Economic Powers Act (IEEPA) with respect to such equipment on the grounds that "certain foreign actors are increasingly creating and exploiting vulnerabilities in the United States bulk-power system, which provides the electricity that supports our national defense, vital emergency services, critical infrastructure, and economy." This threat has grown more acute in recent years, the EO says, because "the rapid growth of advanced manufacturing, data centers, artificial intelligence, and defense production has increased the Nation's dependence on abundant, reliable electricity and magnified the consequences of a successful attack or supply disruption on the bulk-power system."
In response, the EO prohibits the importation, acquisition, transfer, or installation of any foreign-produced bulk-power system electric equipment that meets specified risk criteria and is designed, developed, manufactured, or supplied by a "covered foreign entity;" i.e., a foreign country, or any person owned by, controlled by, or subject to the jurisdiction or direction of a government of a foreign country, that (1) is subject to a U.S. arms embargo or sanctions regime under the International Traffic in Arms Regulations or (2) has been determined to be engaged in conduct detrimental to U.S. national security or foreign policy.

These prohibitions also extend to critical components, software, firmware, digital services, maintenance services, or remote access capabilities associated with covered equipment.

The EO further authorizes the imposition of conditions on the continued use, operation, maintenance, servicing, or updating of foreign-manufactured or -operated bulk-power system electric equipment acquired or installed before August 26, 2026, including requirements to identify, isolate, monitor, secure, disconnect, replace, or remove such equipment.
***Source: Sandler, Travis & Rosenberg, P.A.***

## CBP Reviews Form 5106

U.S. Customs and Border Protection (CBP) is reviewing Form 5106 data as part of a broader effort to combat fraudulent origin reporting. While the Trump administration terms this as "transshipment," that differs from the traditional logistics definition of legally moving cargo through intermediate ports. Changes to the Form 5106 process now require importers of record to provide their physical address, phone number and email rather than those of agents or brokers, with penalties ranging from voided ID numbers to criminal charges for noncompliance. Smaller firms and foreign companies relying on freight forwarders will likely feel the greatest impact, as approximately 20.4% of U.S. seaborne imports measured by number of containers in July had a logistics, trading or finance company listed as the importer.




***Source: S&P Global Market Intelligence***

## CBP Expands Jurisdiction in Waters Off Southern Borders

U.S. Customs and Border Protection (CBP) has issued a notice that, effective August 25, 2026, established four customs enforcement areas (CEA) that expand CBP's enforcement jurisdiction from 12 to 24 nautical miles in designated waters adjacent to South Florida, Southern California, Puerto Rico, and the Gulf Coast of Texas.

A CBP press release explains that smuggling organizations have "exploited the outer edge of traditional customs waters by positioning vessels beyond the 12 nautical mile boundary, transferring illicit cargo at sea, and coordinating landings along remote shorelines."

In response, consistent with a June 2026 executive order directing CBP to bolster enforcement of customs laws, the new designations "provide more consistent customs enforcement authority across these waters and support the investigation and prosecution of maritime smugglers." Among other things, customs officers and agents are now able to board vessels within the CEAs to examine manifests and other documents and papers and to examine, inspect, and search vessels and cargo on board. They also may pursue and seize or arrest and otherwise enforce upon any vessel, merchandise, or person in the CEA in accordance with applicable U.S. laws and regulations in the same manner they are authorized to do at any place in the U.S.

CBP acknowledges that such enforcement activity may in some cases result in "limited operational impacts," including delay, to vessel owners, operators, passengers, and cargo interests.

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

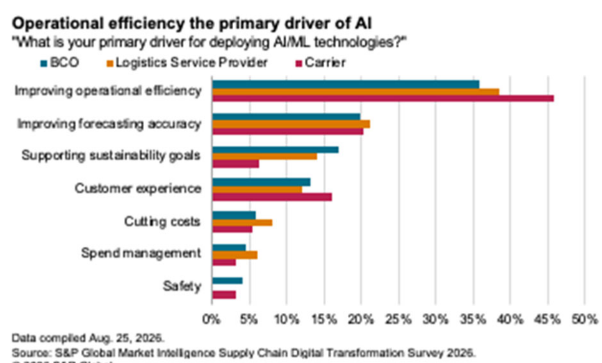
## Supply Chains Disrupted by AI and Data Centers

The rise in generative AI and data centers is disrupting supply chains, causing component shortages in goods such as memory and transformers that serve multiple industries. The rise in volatility related to these goods, and the increase in pricing, are creating opportunities for supply chain investment.

The adoption of AI tools has been varied within wider technology tool use. A 451 Research by S&P Global survey shows that GPS tracking was the most used technology across cargo owners and supply chain operators, at 65.7%, while 57.1% were using AI or machine learning, and 37.9% were planning to within a year. The adoption was led by manufacturing and retail, while pharma and food and beverage companies lagged due to challenges such as bridging skill gaps and improving security.

2026 is the year of proofs of concept (POCs), with companies reporting some tangible results from AI projects, including Sumitomo Rubber Industries Ltd. cutting maintenance in a test plant by 45% and XPO Inc. saying that they reduced damages by 50%.

The greatest value in AI will likely be found in routine back-office tasks where strong process controls and easily quantified value can be found at the scales needed to improve operations.




***Source: S&P Global Market Intelligence***

## FCC Clarifies Power Inverters Subject to Import Restrictions

The Federal Communications Commission (FCC) has issued a notice clarifying the scope of power inverters subject to FCC import restrictions.

The FCC's Covered List comprises equipment and services that have been determined to pose an unacceptable risk to U.S. national security or the security and safety of U.S. persons. Equipment and services on this list are banned from receiving new FCC equipment authorizations, which are required prior to importation, marketing, or sale in the U.S.

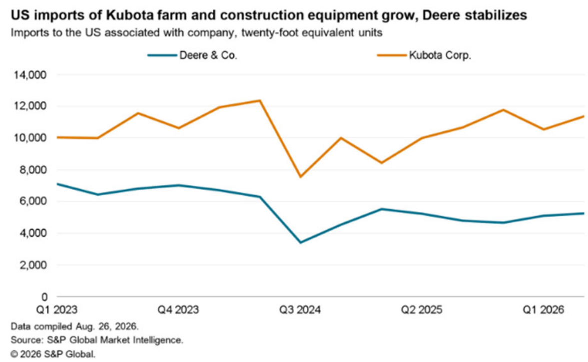
Effective July 28, 2026, the FCC added power inverters to the Covered List. The FCC defined the subject items as bi-directional power devices or systems that (1) convert DC electricity to AC electricity or vice versa (including microinverters, string inverters, central inverters, and hybrid (battery-based) inverters) and (2) contain components that enable remote communication, control, sensing, data collection, or monitoring through Wi-Fi, cellular, Bluetooth, or similar connections.

The FCC is now revising that definition to (1) clarify that power inverters that contain components with wired connectivity (not just wireless) are included on the Covered List, and (2) narrow the listing to power inverters intended for use in parallel with an electric utility to supply common loads and sometimes deliver power to the utility (i.e., utility-interactive inverters).

The FCC is also removing from the Covered List foreign-produced power inverters that are eligible for certain clean energy tax credits.
***Source: Sandler, Travis & Rosenberg, P.A.***

## John Deere and Kubota See Opportunity in a Challenging Agricultural Equipment Market

Deere & Co. and Kubota Corp. are navigating a challenging agricultural equipment market by leaning into offsetting opportunities. Both firms have reported weakening prospects in agriculture but rapid growth in data center demand for agricultural equipment. U.S. seaborne imports linked to Deere increased by 6.0% year-over-year in the 12 months to July 2026, while Kubota's rose by 23.2%. Both companies are absorbing significant tariff costs rather than cutting prices even with recent tariff refunds. Outside the U.S., Kubota is capitalizing on the reshoring trend by expanding manufacturing capacity in India via Escorts Kubota Ltd. to export tractors and construction equipment to Europe, Africa and North America.



***Source: S&P Global Market Intelligence***

## USTR Updates China Section 301 Tariff Exclusions to Reflect HTSUS Changes

The Office of the U.S. Trade Representative (USTR) has announced amendments to four product exclusions from the Section 301 tariffs on China to reflect recent changes to the ten-digit statistical reporting categories in the HTSUS.

These tariffs range from 7.5 percent to 25 percent and are assessed on about $370 billion worth of imports from China across four lists (lists 1-4A). There are 178 exclusions to these tariffs that are currently valid through Nov. 9, 2026.

USTR states that the amendments being made to maintain the coverage of these exclusions in light of the HTSUS changes (see the annex to this notice for details) are effective as of July 1, 2026. U.S. Customs and Border Protection will issue instructions on entry guidance and implementation.
***Source: Sandler, Travis & Rosenberg, P.A.***