2025 Trade Enforcement Priorities Report

Office of the United States Trade Representative

FOREWORD

In accordance with section 601 of the Trade Facilitation and Enforcement Act of 2015 (section 310 of the *Trade Act of 1974*), the U.S. Trade Representative reports to the Committee on Finance of the U.S. Senate and the Committee on Ways and Means of the U.S. House of Representatives on acts, policies, or practices of foreign governments identified as trade enforcement priorities based on the consultations with those committees and the criteria set forth in paragraph (2) of section 310(a). The Office of the United States Trade Representative (USTR) is responsible for the preparation of this report and gratefully acknowledges the contributions of USTR staff and interagency colleagues to the preparation and production of this report.

July 2025

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Executive Summary

USTR is committed to strong trade enforcement of U.S. law and international agreements to promote the interests of American workers, manufacturers, farmers, ranchers, entrepreneurs, and businesses by making trade more reciprocal and balanced. As the United States takes actions necessary to protect and advance U.S. essential security interests, the sovereignty of the United States must remain paramount, and USTR is committed to protecting U.S. sovereignty in the context of all trade negotiations and enforcement efforts. Trade enforcement encompasses a broad range of activities including facility-specific rapid response labor mechanism actions under the *United States-Mexico-Canada Agreement* (USMCA), section 301 investigations and actions, and state-to-state dispute settlement pursuant to the terms of our trade agreements. Trade enforcement also includes the monitoring of trade agreements, engagement in bilateral, plurilateral, multilateral, and regional fora (such as committees of the World Trade Organization (WTO)), and direct engagement with trading partners on key trade barriers.

USTR's enforcement actions are critical to advancing the President's trade and economic policies that put the American economy, the American worker, and U.S. national security first. This report highlights USTR's continuing commitment to enforcement and presents USTR's 2025 trade enforcement priorities:

- ***Preserving U.S. Sovereignty.*** The sovereignty of the United States must remain paramount. USTR is committed to ensuring that U.S. participation in the WTO does not undermine the authority of the American people to govern themselves through their elected representatives. Article XXI of the General Agreement on Tariffs and Trade gives broad authority to WTO Members to take action necessary to protect essential security interests. For decades, the United States has consistently held the position that actions taken pursuant to Article XXI are not justiciable by any panel of the WTO. In other words, each sovereign country must have the power to decide, for itself, what actions are essential to its security. Any other reading of the Article would represent an unacceptable constraint on the freedom and independence of all WTO Members. China and other WTO Members have chosen to pursue legal challenges to U.S. national security measures in the WTO. USTR has been clear—and will continue to be clear—that the United States will take all necessary actions under both U.S. law and international rules to protect its interests.

- ***Aggressive Enforcement of U.S. Rights under the USMCA.*** Enforcement of the USMCA is essential to ensuring that Canada and Mexico fully implement the agreement and live up to their commitments. Our enforcement actions also ensure that the agreement benefits American workers, farmers, ranchers, service providers, and other businesses. Twelve times in the reporting period, and 38 times overall, the United States has sought Mexico's review of apparent denials of fundamental labor rights under the

USMCA's Rapid Response Labor Mechanism (RRM) to benefit workers, raising labor standards across North America. To date, the RRM has resulted in 26 resolutions at specific facilities, directly benefiting nearly 45,000 workers, and providing over $6 million in backpay and benefits. The United States has also advanced its monitoring and enforcement of the USMCA Environment Chapter, on matters including the prevention of illegal fishing, protection of the vaquita, and trafficking of totoaba fish. The United States also is continuing to employ the United States-Mexico Environment Cooperation and Customs Verification Agreement (ECCVA), which led to USTR's third verification request under the ECCVA related to timber and other wood products entering the United States. The United States twice challenged Canada's dairy tariff-rate quota allocation measures (TRQs), reflecting the Administration's commitment to ensuring that U.S. dairy producers receive the full benefits of the USMCA to market and sell U.S. products to Canadian consumers. The United States successfully challenged in dispute settlement Mexico's measures related to genetically engineered corn, preserving access to the United States' largest export market for corn ($5.6 billion exported in 2024). Finally, the United States continues to engage with Mexico to address Mexico's discriminatory practices in the energy sector.

- ***Fundamental Reform at the WTO and Enforcement of U.S. Rights in Ongoing Dispute Settlement Actions.*** Fundamental reform of WTO dispute settlement is needed to maintain U.S. participation. For many years, U.S. Administrations under both parties have warned trading partners of the harm resulting from the WTO dispute settlement system's interpretive and systemic overreaching and its undermining of U.S. measures to defend U.S. citizens, workers, and businesses, including from China's non-market policies and practices. The United States recognizes the value of a mechanism to assist Members in the resolution of their trade disputes and has invested considerable effort over a span of years to identify appropriate reforms with WTO Members. Despite this engagement, WTO Members continue to have vastly different perspectives on the role of WTO dispute settlement in today's world and the reforms that are needed. The United States continues to reflect on whether it is possible to achieve a reformed WTO dispute settlement system that advances U.S. interests while preserving U.S. sovereignty.

- ***Aggressive Defense of U.S. Trade Remedies.*** USTR will continue to strongly defend U.S. trade remedies, including with respect to China's numerous challenges to U.S. antidumping, anti-subsidy, and safeguard actions that serve to defend U.S. workers and businesses from China's non-market economic policies and practices.

- ***Enforcement Supporting the Strategic Interests of the United States.*** Enforcement plays a critical role in promoting predictability and leveling the playing field in global markets. USTR will continue to urge trading partners to remove unjustified barriers to trade, such as discriminatory digital services taxes (DSTs) that unfairly burden U.S. technology companies, and will make use of section 301 to defend U.S. workers,

companies, and sectors from unfair practices, such as China's targeting of the maritime, logistics, and shipbuilding sector for dominance and Brazil's practices related to digital trade and electronic payment services, unfair, preferential tariffs, anti-corruption enforcement, intellectual property protection, ethanol market access, and illegal deforestation.

- ***Rigorous Enforcement of Intellectual Property Rights and Defense of Innovation.*** USTR will also continue to pursue a range of enforcement efforts to address intellectual property (IP) protection and enforcement in other countries related to the trade in counterfeit goods; forced technology transfer (including government-sponsored cybertheft of IP) and preferences for indigenous IP[1]; inadequate protection of trade secrets, undisclosed information, patents, and geographical indications; and online and broadcast piracy.

- ***Ensuring that Technical Barriers to Trade (TBT) and Product Standards Do Not Create Unnecessary Obstacles to Trade.*** USTR will continue to address unjustified barriers stemming from technical regulations, standards, and conformity assessment procedures that discriminate against U.S. exports or do not otherwise comply with international commitments.

The priorities identified in this report reflect key areas of enforcement focus by USTR. The report does not attempt to catalog all trade enforcement priorities on which USTR is actively working. An inventory of trade barriers on which USTR and other agencies are currently working is contained in the 2025 National Trade Estimate Report on Foreign Trade Barriers, and other enforcement-related priorities and objectives are discussed in the 2025 Trade Policy Agenda and 2024 Annual Report of the President of the United States on the Trade Agreements Program. These reports are available on the USTR website at: www.ustr.gov.

[1] In certain countries, preferences or policies on "indigenous IP" or "indigenous innovation" refer to a top-down, state-directed approach to technology development, which can include explicit market share targets that are to be filled by producers using domestically owned or developed IP.

Enforcement of U.S. Rights Under the United States-Mexico-Canada Agreement

On July 1, 2020, the USMCA came into effect, containing significant improvements to worker protections, expanded market access, and improved dispute settlement procedures. USTR will not hesitate to bring enforcement actions against trading partners that fail to respect and protect the rights of workers, discriminate against American businesses, or deny our producers market access. To date, the RRM has directly benefited nearly 45,000 workers and provided over $6 million in backpay and benefits.

Labor Monitoring and Enforcement Under the USMCA

USTR has pursued 38 actions under the USMCA's facility-specific RRM. Though some cases are still ongoing, 26 have already resulted in either comprehensive remediation plans between the United States and Mexico or were successfully resolved during the RRM review process, twelve of which have been in this reporting period alone. Additionally, USTR, working with the Department of Labor (DOL), closely monitors implementation of Mexico's labor law reform and Mexico's prohibition on imports produced by forced labor, and follows up on tips from the web-based hotline and information received from the four labor attachés posted in Mexico.

Facility-Specific RRM Matters & Petitions

The USMCA contains a first-of-its-kind RRM that enables expedited enforcement of the right of freedom of association and collective bargaining in Mexico at particular facilities. The United States continues to fully utilize this mechanism to support these critical workers' rights and prevent unfair labor conditions arbitrage.

RRM Panel Dispute Regarding Remediation of a Denial of Workers' Rights at Atento Servicios Call Center in Hidalgo, Mexico

On December 18, 2023, the *Sindicato de Telefonistas de la República Mexicana* filed a petition alleging that Atento Servicios, S.A. de C.V. interfered in union activity, including by threatening and dismissing workers in retaliation for undertaking union organizing activity. On January 18, 2024, the United States submitted a request that Mexico review whether workers at the call center facility were being denied the right to freedom of association and collective bargaining. Mexico agreed to review, and at the conclusion of its 45-day review period, Mexico found a denial of rights had existed, but determined that Atento Servicios had taken the necessary actions to remediate the denial of rights during Mexico's review period. The United States disagrees with this determination because Mexico has not addressed issues related to a vote held at the facility on December 6, 2023, and because workers had not received full remediation. Consequently, on April 16, 2024, the United States requested establishment of an RRM panel to review the situation.

After receiving written submissions from the disputing parties, the RRM panel conducted a site verification and held a hearing in Mexico in May 2025. The RRM panel is expected to issue its written determination in the near future.

Review of Alleged Denial of Workers' Rights at Volkswagen de México Facility in Puebla, Mexico

On April 25, 2024, the United States received a petition from a group of former workers at Volkswagen de México, S.A. de C.V., alleging that the company dismissed the workers in retaliation for union activity. On May 28, 2024, the United States requested Mexico's review of whether workers at the facility were being denied the right to freedom of association and collective bargaining. Mexico accepted the request for review and provided its report of review in July 2024, in which it did not find a denial of rights.

Nonetheless, the United States consulted with Mexico and resolved the matter by agreeing to a course of remediation completed in August 2024. Pursuant to the course of remediation, the company reinstated and paid backpay to eight workers and paid full severance to one worker who elected severance over reinstatement. The company also committed to remain neutral with respect to workers' choice of a union, issued guidelines on freedom of association and collective bargaining, including a zero-tolerance policy for violations, and trained management and workers on these policies. In addition, Mexico conducted workers' rights training, monitored the facility to ensure it respected workers' rights, and disseminated information about complaint mechanisms available to workers to report any violations of their right to freedom of association and collective bargaining.

RRM Panel Dispute Regarding Remediation of a Denial of Workers' Rights at Industrias Tecnos in Morelos, Mexico

On May 23, 2024, *Sindicato Independiente de Trabajadores y Empleados, Transporte, Carga y Descarga, Exploración y Explotación de Minerales Básicos, Productos Metálicos, Similares y Conexos de la República Mexicana*, a Mexican labor union, filed a petition alleging a denial of rights at Industrias Tecnos, an ammunition manufacturing facility in Morelos, Mexico. The petition alleged that Industrias Tecnos is discriminating among workers based on their union sympathies. In June 2024, USTR submitted a request that Mexico review whether workers at the facility were being denied the right to free association and collective bargaining as a result of interference in their union activities.

On August 8, 2024, Mexico provided its report of review finding no denial of rights at the Industrias Tecnos facility. The United States subsequently consulted with Mexico but has been unable to agree upon a course of remediation. The United States considers the denial of rights to be ongoing and in December 2024 requested the establishment of an RRM panel to verify the facility's compliance with Mexican labor laws. The RRM panel proceeding is ongoing.

Review of Alleged Denial of Workers' Rights at Impro Industries Mexico in San Luis Potosí, Mexico

On June 24, 2024, *La Liga Sindical Obrera Mexicana* (LSOM), a Mexican labor union, filed a petition alleging a denial of rights at a facility operated by Impro Industries Mexico, S. de R.L. de C.V. On July 25, 2024, the United States requested that Mexico review whether workers at

the facility were being denied the right to freedom of association and collective bargaining, including through interference with their union activities, coercive threats and questioning of workers, and dismissals.

On September 6, 2024, Mexico provided its report of review in the matter and outlined to the United States a series of remedial measures implemented at the facility. As part of those remedial measures, Mexico worked with the company to provide remediation to dismissed workers and to implement facility-wide measures aimed at safeguarding freedom of association and collective bargaining rights. On September 17, 2024, as a result of those actions taken by the facility and Mexico to remediate the concerns, the United States agreed that there are no ongoing denial of rights concerns at the facility.

RRM Panel Dispute Regarding Remediation of a Denial of Workers' Rights at Camino Rojo Mine in Zacatecas, Mexico

On June 24, 2024, the *Sindicato Nacional de Trabajadores Mineros, Metalúrgicos, Siderúrgicos y Similares de la República Mexicana*, a Mexican labor union, filed a petition alleging a denial of rights at the Camino Rojo Mine in Zacatecas, Mexico. On August 29, 2024, the United States requested that Mexico review whether workers at the Camino Rojo Mine were being denied the right to freedom of association and collective bargaining, including as a result of interference in their union activities, including through threats of physical violence, actual physical violence, threats of dismissals or other reprisals, offers of preferential treatment, and coercion or pressuring of workers to support another union and refrain from supporting the incumbent union at the facility. Mexico agreed to conduct review, and on October 11, 2024, Mexico provided its report that included evidence to support a finding of a denial of rights at the facility.

The United States consulted with Mexico but was unable to agree upon a course of remediation. The United States considers the denial of rights to be ongoing and in December 2024 requested an RRM panel to verify the facility's compliance with Mexican labor laws. The RRM panel proceeding is ongoing.

RRM Panel Dispute Regarding Alleged Denial of Workers' Rights at Pirelli Neumaticos in Guanajuato, Mexico

On July 23, 2024, LSOM, the International Lawyers Assisting Workers Network, United Steelworkers (USW), and the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), filed a petition alleging a denial of rights at a rubber tire manufacturing facility operated by Pirelli Neumaticos, S.A. de C.V. On August 22, 2024, the United States requested that Mexico review whether workers at the facility were being denied the right to freedom of association and collective bargaining, including by the facility's failure to apply the sector-wide collective bargaining agreement (CBA) that Mexican law requires throughout the rubber manufacturing industry (*contrato ley*), and through misinformation, harassment, and threats discouraging workers from advocating for the application of the *contrato ley* in this industry.

On October 7, 2024, Mexico provided its report of review. Although Mexico found no denial of rights, it facilitated negotiations between the incumbent union and Pirelli to "harmonize" the existing CBA at the plant with the *contrato ley*. The United States, however, considers the denial of rights to be ongoing and in December requested an RRM panel to verify the facility's compliance with Mexican labor laws. The disputing parties have provided initial written submissions to the RRM panel, and proceedings are ongoing.

RRM Panel Dispute Regarding Remediation of a Denial of Workers' Rights at Bader de Mexico in Guanajuato, Mexico

On August 15, 2024, a dismissed worker associated with the *Sindicato Industrial de Trabajadores y Empleados del Calzado y Comercio del Estado de Guanajuato*, a Mexican labor union, filed a petition alleging a denial of rights at the Bader de Mexico facility that manufactures premium leather for car seats. On September 16, 2024, the United States requested that Mexico review whether workers at the facility were being denied the right to freedom of association and collective bargaining as a result of interference in workers' union activity, as well as other coercive actions by the employer, including dismissals, harassment, surveillance, and intimidation of workers.

On October 31, 2024, Mexico provided its report of review finding a denial of rights. During their review period, Mexico provided training to Bader de Mexico workers on freedom of association and collective bargaining and ensured that the company published a neutrality statement and conduct guidelines. However, an agreed resolution could not be reached with Mexico, and in December 2024 the United States requested an RRM panel to assess the facility's compliance with Mexican labor laws. The disputing parties are in the process of providing written submissions to the RRM panel.

Review of Alleged Denial of Workers' Rights at Odisa Concrete Equipment in Hidalgo, Mexico

On September 23, 2024, the *Sindicato Nacional de Trabajadores de la Construcción, Acarreo de Materiales, Operación de Autopistas, Transporte en General, Comercialización y Servicios en General, Seguridad Privada, Hospitales, Oficinas, Escuelas Particulares, Químico y Plástico, Actividades y Conexos*, a Mexican labor union, filed a petition alleging a denial of rights at the Odisa facility in Hidalgo, which manufactures equipment for concrete batching and handling. On October 23, 2024, the United States requested that Mexico review whether workers at the facility were being denied the right to freedom of association and collective bargaining, including by the company interfering in union activities, dismissing workers for their union activity, undermining support for the union that represents the workers in collective bargaining and promoting alternate unions, negotiating a CBA with another union that does not hold the bargaining rights, and improperly deducting union dues from workers' wages.

On December 6, 2024, Mexico provided its report of review finding that the denial of rights had been remediated, including by the facility reinstating and providing backpay and benefits to one worker who had been dismissed in retaliation for his union activity; reimbursing workers for union dues that were improperly deducted; recognizing and engaging in bargaining with the

petitioner union, including by signing a CBA that was subsequently approved by a majority worker vote; adopting, disseminating, and implementing a neutrality statement and company guidelines on freedom of association and collective bargaining, including a zero-tolerance policy for violations; training all company personnel on the guidelines and neutrality commitments; and providing a complaint mechanism for workers to anonymously report any violations of their rights and breaches of company guidelines on freedom of association and collective bargaining. Furthermore, Mexico took actions to address the matter, including overseeing a free and fair vote by workers at the facility that resulted in the approval of a new CBA between the company and petitioner union; delivering in-person trainings for all company personnel on freedom of association and collective bargaining; monitoring the facility and engaging with the workers and the company throughout its review period; and offering an email address for workers to anonymously report any intimidation, coercion, or threats with respect to their selection of a union, union activities, non-neutrality, or interference in internal union affairs. The United States agreed that the denial of rights had been remedied and in December 2024 announced the successful resolution of the matter.

Review of Alleged Denial of Workers' Rights at Vidrio Decorativo Occidental in Tamaulipas, Mexico

On October 10, 2024, the *Sindicato Nacional Independiente de Trabajadores de Industrias y de Servicios "Movimiento 20/32"* (SNITIS), a Mexican labor union, and the United Steelworkers and Rethink Trade, filed a petition alleging a denial of rights at VDO, a decorative glass manufacturing facility in the state of Tamaulipas. The petition alleged that the company took actions to dissuade workers from supporting SNITIS, including retaliating against SNITIS supporters and interfering with the workers' right to strike by incentivizing workers not to participate in a 2024 strike. Additionally, the petition alleged that VDO attempted to replace SNITIS with a company-controlled union.

On November 8, 2024, the United States requested that Mexico review whether a denial of rights is occurring at VDO. On January 20, 2025, the United States and Mexico announced successful resolution of the denial of rights concerns. Mexico found evidence to support a denial of rights related to freedom of association and collective bargaining and worked with the facility to take a number of remedial steps within their review period, which the United States concluded to have remedied the situation. Actions taken by the facility included payment of owed bonuses and retroactive salary adjustments, offers to rehire workers, and measures to address employer interference in union affairs. Mexico also delivered in-person trainings for all company personnel on freedom of association and collective bargaining, facilitated dialogue between VDO and SNITIS, and offered an email address to submit anonymous reports of intimidation, coercion, or threats related to union activity.

Review of Alleged Denial of Workers' Rights at Akwel Juárez in Chihuahua, Mexico

On October 24, 2024, the *Sindicato Nacional de Trabajadores y Empleados Especializados, Conexos y Similares de la República Mexicana C.T.M.,* a Mexican labor union, filed a petition alleging a denial of rights at Akwel Juarez, S.A. de C.V., an auto parts facility in Chihuahua,

Mexico. The petition alleged that Akwel is interfering in union activity and dismissed workers because of their affiliation with the petitioning union and refusing to negotiate a CBA with the petitioner union.

On January 6, 2025, Mexico provided its report of review finding evidence related to the allegations but determined any denial of rights had been remedied. The United States considered the denial of rights to be ongoing and entered negotiations with Mexico on a course of remediation. Negotiations did not result in a course of remediation, and the United States is considering next steps on the matter, including a potential request for an RRM panel.

Review of Alleged Denial of Workers' Rights at Compania Hulera Tornel Facility in Mexico City and Estado de Mexico, Mexico

On December 9, 2024, the *Sindicato Nacional de Trabajadores de la Compania Hulera Tornel, S.A. de C.V., Sociedad Anonima de Capital Variable, de la Republica Mexicana*, a Mexican labor union, filed a petition alleging a denial of rights at a facility operated by Compania Hulera Tornel, S.A. de C.V. On January 8, 2025, the United States requested that Mexico review whether workers at the facility were being denied the right to freedom of association and collective bargaining, including as a result of interference in their union activities and their right to receive the benefits of the sectoral CBA for the rubber manufacturing industry in Mexico.

On February 21, 2025, Mexico provided its report of review and did not find an ongoing denial of rights at the facility, despite concluding that the company was out of compliance with the sectoral CBA. The United States continues to engage in discussions to achieve full remediation at the facility. The United States considers that the denial of rights is ongoing and is contemplating next steps on the matter, including a potential request for an RRM panel.

Review of Alleged Denial of Workers' Rights at Aludyne Automotive Mexico City in Mexico City, Mexico

On March 3, 2025, the *Sindicato de Trabajadores de la Industria Metalica, Acero, Hierro, Conexos y Similares*, a Mexican labor union, filed a petition alleging a denial of rights at a facility operated by Aludyne Automotive Mexico City, S.A. de C.V. On April 2, 2025, the United States requested that Mexico review whether workers at the facility were being denied the right to freedom of association and collective bargaining, including as a result of interference in their union activities, dismissals, and retaliatory changes to company policies.

On May 16, 2025, Mexico provided its report of review finding no evidence of an ongoing denial of rights at the facility but describing in detail a series of remedial measures taken at the facility to resolve any existing issues. As a result of the actions taken by the facility and Mexico to resolve the action, the United States issued a statement on June 2, 2025, agreeing that there is no ongoing denial of rights at the facility.

Review of Alleged Denial of Workers' Rights at Modern Metal Alloys in Queretaro, Mexico

On March 17, 2025, the *Sindicato Industrial de Trabajadores de la Transformación, Construcción, Automotriz, Agropecuaria, Plásticos y de la Industria en General, del Comercio y Servicios, Similares, Anexos y Conexos del Estado de Querétaro, "Angel Castillo Resendiz"* (Transformación Sindical), a Mexican labor union, filed a petition alleging a denial of rights at an aluminum manufacturing facility in Querétaro, Mexico, operated by Modern Metal Alloys, S.A. de C.V. On April 16, 2025, the United States requested that Mexico review whether workers at the facility were being denied the right to freedom of association and collective bargaining, including as a result of interference in their union activities, dismissals and other reprisals against workers, and coercively discouraging support for *Transformación Sindical* or encouraging support for a company-aligned union.

On May 31, 2025, Mexico provided its report of review finding that any alleged denial of rights at the facility had been remedied. During its review period, Mexico provided training to workers and management on freedom of association and collective bargaining and ensured that the facility published a neutrality statement and conduct guidelines. Subsequently, the United States engaged with the company to implement a series of additional remedial measures at the facility, including severance for a dismissed employee and access to the facility for the union. As a result of the actions taken by the facility and Mexico to resolve the action, the United States agrees that the denial of rights have been remedied and on July 21, 2025, announced the successful resolution of the matter.

Review of Alleged Denial of Workers' Rights at Amphenol Optimize Mexico in Sonora, Mexico

On April 11, 2025, the *Sindicato Industrial Operaciones y Manufacturas*, a Mexican labor union, filed a petition alleging a denial of rights at a facility operated by Amphenol Optimize Mexico, S.A. de C.V. On May 9, 2025, the United States requested that Mexico review whether workers at the facility were being denied the right to freedom of association and collective bargaining, including as a result of interference in their union activities, dismissals, and other reprisals against workers.

On June 23, 2025, Mexico provided its report of review finding no evidence of a denial of rights at the facility. The United States continues to engage in discussions to achieve full remediation at the facility but, at this stage, continues to consider that the denial of rights is ongoing and is contemplating next steps on the matter, including a potential request for an RRM panel.

Review of Alleged Denial of Workers' Rights at Superior Industries in Chihuahua, Mexico

On May 5, 2025, *Confederación Autonoma de Trabajadores y Empleados de Mexico* (CATEM), a Mexican labor union, filed a petition alleging a denial of rights at a light vehicle aluminum wheels manufacturing facility in Chihuahua, Mexico. On June 4, 2025, the United States requested that Mexico review whether workers at the facility were being denied the right to freedom of association and collective bargaining, including interference in union activities, reprisals against workers, coercively discouraging workers from forming a union, and

disparaging the union supported by some workers. Mexico accepted review and is currently conducting its investigation. Mexico is expected to issue its report on July 19, 2025.

Review of Alleged Denial of Workers' Rights at Tubos de Acero de Mexico in Veracruz, Mexico

On May 14, 2025, the *Sindicato Nacional de la Industria de la Transformacion del Acero, Metalurgica, Siderurgica y Metal Mecanica* (SINAIN), a Mexican labor union, filed a petition alleging a denial of rights at a facility operated by Tubos de Acero de Mexico, S.A. (TAMSA). On June 13, 2025, the United States requested that Mexico review whether workers at the facility were being denied the right to freedom of association and collective bargaining, including as a result of interference with their union activities, dismissals, and other reprisals against workers. Mexico accepted the request for review on June 20, 2025, and is conducting its review of denial of rights concerns at the facility. The 45-day review period outlined in the Agreement for Mexico's report on the matter runs until July 28, 2025.

Review of Alleged Denial of Workers' Rights at Liber Gennesys

On June 12, 2025, the *Secretary General of the Sindicato de Transportistas de la Cadenas de Suministro* (SITRABICS) and *Rethink Trade – American Economic Liberties Project* (Rethink Trade) filed a petition alleging an ongoing denial of rights at a facility operated by Liber Gennesys and its affiliated and/or successor companies in Tijuana, Baja California, Mexico. On July 14, the United States requested that Mexico review whether workers at the facility were being denied their right to freedom of association and collective bargaining, including as a result of interference with their union activities, dismissals, and other reprisals against workers. Mexico's deadline to accept review is July 24, 2025. If Mexico chooses to accept review, the 45-day review period outlined in the Agreement for Mexico's report on the matter runs until August 28, 2025.

Monitoring of Mexican Labor Reforms

USTR continues to monitor closely Mexico's implementation and enforcement of its new labor legislation to ensure that Mexico meets its obligations under the USMCA. Among other matters, USTR is monitoring:

- Mexico's protection of workers' rights to freedom of association and collective bargaining, including their ability organize and form unions, negotiate and vote on CBAs and go on strike. As USTR's actions demonstrate, USTR will take appropriate action to ensure that workers can exercise the right of free association and collective bargaining.
- Allegations of violence against workers and labor organizations. USTR understands that workers and labor organizations must be able to exercise their labor rights in a climate that is free from violence, threats, and intimidation, and that governments must not fail to address violence or threats of violence against workers who exercise or attempt to exercise their labor rights.

- Mexico's creation and continued operation of labor courts, union registration institutions, and conciliation centers, to ensure Mexico's compliance with USMCA obligations. USTR understands budget cuts have negatively impacted the ability of the new labor courts and conciliation centers to implement the labor reforms.
- The process to address the backlog of cases and close the Conciliation and Arbitration Boards, which were replaced by the new labor courts and conciliation centers.
- The election of labor judges, their qualifications, and potential impact on case resolutions.

Environment Monitoring and Enforcement Under the USMCA

The USMCA includes state-of-the-art provisions, including the strongest, most advanced, and most comprehensive set of environmental obligations of any U.S. trade agreement. The environmental commitments of the USMCA are fully enforceable through the agreement's dispute settlement procedures, carrying out one of President Trump's principal objectives in the renegotiation of the NAFTA, to ensure that the new agreement discouraged outsourcing by companies seeking to avoid U.S. environmental laws. USTR is fully committed to the effective monitoring and enforcement of the environmental obligations of the USMCA.

Since its entry into force, the United States has taken broad and strategic measures that advance the monitoring and enforcement of the USMCA Environment Chapter. These measures include, *inter alia*, actions related to illegal fishing, the protection of the vaquita and trafficking of totoaba fish; preventing and reducing marine litter; improving and promoting the conservation of priority marine species; and promoting sustainable forest management and the legal trade in timber, including through improved wood identification.

United States-Mexico Chapter 24 Environment Consultations

On February 10, 2022, USTR formally requested Environment Consultations with Mexico under USMCA Article 24.29.2 concerning Mexico's USMCA Environment Chapter obligations relating to the protection of the vaquita, the prevention of illegal fishing, and trafficking of totoaba fish. After technical-level discussions under Article 24.29 did not result in a solution, USTR formally notified Mexico, in March 2023, that it was requesting consultations at the Senior Representative (Assistant U.S. Trade Representative) level, pursuant to Article 24.30.1 of the USMCA.

Although Mexico has adopted environmental laws designed to prevent illegal fishing in the Upper Gulf of California, to prevent trafficking of protected species such as the totoaba fish, and to protect and conserve the vaquita, available evidence raises concerns that Mexico may not be meeting a number of its USMCA environment commitments. Incidental bycatch from prohibited gillnets, primarily set to catch shrimp and totoaba fish, is the primary cause of vaquita mortality. The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) prohibits international commercial trade in both the vaquita and totoaba fish. While the vaquita

is not traded, there is a high demand for the swim bladder of the totoaba fish, which is traded illicitly.

Negotiations continued throughout 2024 and 2025. The United States and Mexico are close to finalizing a plan to strengthen Mexico's fisheries enforcement in the Upper Gulf of California.

Work of the Interagency Environment Committee for Monitoring and Enforcement

USTR chairs the USMCA Interagency Environment Committee for Monitoring and Enforcement (IECME), which was established by Executive Order 13907. Since its creation, the IECME has served a central role in ensuring a whole-of-government approach to monitoring and enforcement of USMCA environmental obligations. The *United States-Mexico-Canada Agreement Implementation Act* (USMCA Implementation Act)[2] also provides that the IECME may request that the U.S. Trade Representative request consultations[3] with respect to a USMCA Party, or request heads of U.S. Federal agencies to initiate monitoring or enforcement actions under specified domestic statutes[4] with regard to USMCA environmental obligations.

USTR has convened the IECME, and its informal subsidiary body and working groups, to ensure effective coordination and execution of monitoring and enforcement activities. Pursuant to its mandate, the IECME has regularly reviewed information concerning Mexico or Canada and has analyzed that information with respect to their USMCA environmental obligations. This information has come from various sources, including through public submissions directly to the IECME and from the Commission for Environmental Cooperation (CEC) Submissions on Enforcement Matters (SEM) process, which was originally established under the former North American Agreement on Environmental Cooperation and is currently operating pursuant to the Environmental Cooperation Agreement and the USMCA Environment Chapter.

Public Participation and Submissions

The USMCA Environment Chapter provides for enhanced public participation, including through the SEM process, which allows persons of any USMCA Party to file a submission with the trilateral CEC Secretariat asserting that a Party is failing to effectively enforce its environmental laws.

Since the previous reporting period, one submission, SEM 24-003 (Sonora Railway Project), was filed. On April 10, 2025, the CEC Secretariat determined that the submission warrants the preparation of a factual record.

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[2] *United States-Mexico-Canada Agreement Implementation Act* (USMCA Implementation Act), P. L. No. 116-113 (2020), 19 U.S.C. §§ 4501 *et seq*.

[3] *See* USMCA, arts. 24.29, 31.4, 31.6.

[4] *See* USMCA Implementation Act, § 814(2).

The IECME continues to collect and analyze information related to the issues raised in the submissions, including whether there is sufficient evidence to support a claim that Mexico or Canada is in breach of its environmental obligations under Chapter 24 of the USMCA.

Separate from, and parallel to, the SEM process, persons of a Party may submit information regarding a Party's implementation of the Environment Chapter directly to USTR, as the IECME Chair. Through its website, USTR has provided for direct public engagement and inquiries regarding implementation of the Environment Chapter, establishing a dedicated email address to receive such submissions.

In addition to providing the public an opportunity to submit information directly to the IECME, USTR provides updates on USMCA implementation to its cleared advisors through the Trade and Environment Policy Advisory Committee.

USMCA Environment Annual Report

Pursuant to section 816 of the USMCA Implementation Act, USTR prepared its annual report in consultation with the heads of IECME member agencies. The annual report discusses the implementation of subtitles A and B of title VIII of the Act, summarizes efforts of Canada and Mexico to implement the USMCA Environment Chapter since the publication of the last annual report on July 1, 2025, and describes additional efforts to be taken with respect to implementation of Canada's and Mexico's environmental obligations.

The annual report identified nine priority areas that USTR, along with other U.S. agencies, will continue to actively monitor, and collaborate with Mexico and Canada on, including: (i) protection and conservation of the vaquita and totoaba fish in the Gulf of California in Mexico; (ii) illegal fishing in the Gulf of America; (iii) illegal wildlife trade; (iv) deforestation in Mexico; (v) rail-based infrastructure projects in Mexico; (vi) Tijuana River watershed and transboundary waste; (vii) Santa Cruz watershed and transboundary waste; (viii) coal mining effluent in Canada; and (ix) water pollution from oil sands extraction in Canada. USTR's monitoring and enforcement activities will also extend to issues outside of these priority areas.

The IECME, pursuant to the USMCA Implementation Act, has strengthened the United States' whole-of-government coordination of monitoring and enforcement of Mexico's and Canada's implementation of USMCA environmental obligations. USTR, as chair of the IECME, is committed to leveraging all relevant environmental and trade legal tools and policy resources to enhance bilateral and trilateral collaboration around the USMCA environmental commitments.

Environment Attachés

Section 822 of the USMCA Implementation Act provides that up to three persons may be detailed to USTR to serve as environment attachés to assist the IECME in monitoring Mexico's compliance with its USMCA environmental obligations—one employee each from the U.S. Environmental Protection Agency, the U.S. Fish and Wildlife Service, and the National Oceanic

and Atmospheric Administration (NOAA). Three environment attachés had been posted at the U.S. Embassy in Mexico City since November 2020, but two have since returned to positions at their respective home agencies. The remaining attaché, detailed from NOAA, continues to engage with relevant U.S. Government agencies, officials from the Government of Mexico, and NGO stakeholders in the United States and Mexico. The attaché provides quarterly updates to the IECME on information gathering and monitoring efforts. The attaché monitors priority issue areas including, *inter alia*, efforts related to vaquita conservation and protection, combating illegal fishing and illegal totoaba fish trade, marine litter prevention and mitigation, fisheries management, forestry management and timber legality, and air quality improvement.

U.S.-Mexico Environment Cooperation and Customs Verification Agreement

The U.S.-Mexico Environment Cooperation and Customs Verification Agreement (ECCVA), negotiated alongside the USMCA and implemented under section 813 of the USMCA Implementation Act, is a separate and additional bilateral tool to facilitate cooperation between the United States and Mexico regarding specific shipments of fisheries, timber, and wildlife (including live) products. It allows parties to request information to verify whether an importer has provided accurate and adequate documentation demonstrating a shipment's legality.

In December 2022, USTR made its second request under the ECCVA with respect to the legality of wild-caught shrimp entering the United States, potentially in violation of import restrictions pursuant to the Marine Mammal Protection Act, as well as multiple U.S. customs requirements. The United States has requested documents from Mexico, including waybills, landing reports, and other available export documentation, to ensure shipments entered the United States according to U.S. law. While Mexico has provided some relevant documentation, the documents provided do not align with available data on fishing boat locations in the Upper Gulf of California. As a result, U.S. Customs and Border Protection (CBP) has initiated additional enforcement actions related to the shipments. USTR continues to monitor this issue.

In October 2024, USTR made its third request to Mexico under the ECCVA. Currently, Mexico is responding to this ECCVA request, which seeks Mexico's cooperation in ascertaining the origin of 17 shipments of plywood veneers to the United States from Mexico. The shipments may have originated from Peru and been produced or exported by *Inversiones La Oroza S.R.L.*, a company subject to a denial of entry order into the United States under the U.S.-Peru Trade Promotion Agreement (PTPA). Public data suggest that the timber originated in Peru, but information presented to CBP indicates Chile as the country of origin. Mexico has been working to determine the origin of the shipments to ensure compliance with the denial of entry order under the PTPA.

Dispute Settlement Related to Other USMCA Commitments

United States – Automotive Rules of Origin

On August 20, 2021, Mexico formally requested dispute settlement consultations with the United States over the interpretation and application of certain rules of origin provisions for autos under the USMCA. On August 26, 2021, Canada notified its intent to join the consultations. Pursuant to Article 31.6 of the USMCA, Mexico requested and established a dispute settlement panel on January 6, 2022. Canada joined the dispute as a co-complainant on January 13, 2022.

The U.S. position is that the USMCA core parts rules of origin requirement for autos, comprised of major, high-value auto parts like engines, advanced batteries, and transmissions, and its calculation methodology are distinct from the overall vehicle regional value content (RVC) calculation, constituting two separate requirements. Mexico and Canada, with support from certain auto producers, interpret the USMCA to allow the total value of the core parts, including the total value of non-originating material used in those parts that are individually non-originating, to carry over into the calculation of the RVC for the vehicle itself as if 100 percent of those materials were originating.

On January 11, 2023, the USMCA parties made public the report of the panel in the dispute. In the final report, the panel found against the United States. As required under the USMCA, the parties have consulted regarding a potential resolution to the dispute but have yet to reach an agreement. The United States considers that Mexico's and Canada's interpretation would result in significantly lower North American autos investment, content, and jobs, and we expect to address this issue in the six-year review of the USMCA.

Canada – Dairy TRQ Allocation Measures II

On May 25, 2022, the United States requested consultations under Chapter 31 (Dispute Settlement) of the USMCA for the second time regarding Canada's dairy TRQ allocation measures, specifically relating to the ineligibility of certain types of importers to apply for USMCA dairy TRQ allocations, the imposition of a 12-month activity requirement for TRQ allocation applicants and recipients, and the partial allocation of the calendar year 2022 dairy TRQs. The consultation request followed a successful U.S. challenge of Canada's dairy TRQ allocation measures (Dairy I).[5] The USMCA panel in Dairy I agreed with the United States that Canada's use of "processor pools" was inconsistent with Article 3.A.2.11(b) of the USMCA.[6] Canada determined that, in response to the adverse findings of that panel, it would only eliminate

[5] *See United States Prevails in USMCA Dispute on Canadian Dairy Restrictions*, https://ustr.gov/about-us/policy-offices/press-office/press-releases/2022/january/united-states-prevails-usmca-dispute-canadian-dairy-restrictions (published Jan. 4, 2022).

[6] *See* USMCA Canada Dairy TRQ Allocation Measures (2021) Final Panel Report, https://ustr.gov/sites/default/files/enforcement/USMCA/Canada%20Dairy%20TRQ%20Final%20Panel%20Report.pdf.

the "processor pools" for its dairy TRQ allocations, but Canada otherwise did not make changes to the allocation of its dairy TRQs that the United States sought.

Following the consultations in May 2022, the United States identified additional aspects of Canada's measures that appeared to be inconsistent with Canada's obligations under the USMCA, and requested a new round of consultations with Canada on December 20, 2022. In the new request, the United States expanded its challenge of Canada's dairy TRQ allocation measures to include Canada's use of a market-share approach for determining TRQ allocations and Canada's return and reallocation mechanism for its dairy TRQs. Canada applies different criteria for calculating the market share of different segments of applicants, and Canada fails to allow importers the opportunity to fully utilize TRQ quantities. The United States also continued to challenge Canada's dairy TRQ allocation measures that impose new conditions on the allocation and use of the TRQs, and that prohibit eligible applicants, including retailers, food service operators, and other types of importers, from accessing TRQ allocations. Consultations were held on January 17, 2023, but again failed to resolve the matter.

On January 31, 2023, the United States requested the establishment of a panel to examine U.S. concerns. The panel issued its final report on November 10, 2023.[7]

In the report, the panel found that Canada's measures are not inconsistent with the USMCA provisions cited by the United States. The panel split on the U.S. claims concerning Canada's exclusion of retailers, food service operators, and other entities from eligibility and its historical market share approach to allocate Canada's USMCA dairy TRQs. A dissenting panelist agreed with the United States that by excluding retailers and others, Canada was breaching its commitment to make its dairy TRQs available to all eligible applicants in the Canadian food or agriculture sector.

The United States is continuing to work to address this issue and will not hesitate to use all available tools to enforce our trade agreements and ensure that the U.S. dairy sector receives the full benefits of the USMCA.

Mexico – Measures Related to Energy

On July 20, 2022, the United States requested consultations with Mexico under the Dispute Settlement Chapter of the USMCA. The consultations relate to certain measures by Mexico that undermine American companies and U.S.-produced energy in favor of Mexico's state-owned electrical utility, the Comisión Federal de Electricidad (CFE), and the state-owned oil and gas company Petróleos Mexicanos (PEMEX). Specifically, the United States is challenging a 2021 amendment to Mexico's Electric Power Industry Law that prioritizes CFE-produced electricity over electricity generated by all private competitors; Mexico's inaction, delays, denials, and revocations of private companies' abilities to operate in Mexico's energy sector; a December

[7] *See Canada – Dairy Tariff-Rate Quota Allocation Measures 2023*, Final Panel Report (Nov. 10, 2023), https://ustr.gov/sites/default/files/Final%20Report%20of%20the%20Panel%20as%20issued.pdf.

2019 regulation granting only PEMEX an extension to comply with the maximum sulfur content requirements under Mexico's applicable automotive diesel fuel standard; and a June 2022 action that advantages PEMEX, CFE, and their products in the use of Mexico's natural gas transportation network. These measures appear to be inconsistent with several of Mexico's USMCA obligations, including under the Market Access, Investment, and State-Owned Enterprises Chapters.

The United States is continuing to engage with Mexico to address the concerns set out in the U.S. consultations request, and remains in close conversation with U.S. companies about this matter. It remains the goal of the United States to seek a solution with Mexico that addresses Mexico's discriminatory practices, such as in the energy sector.

Mexico – Measures Concerning Genetically Engineered (GE) Corn

In August 2023, the United States established a panel under the USMCA Dispute Settlement Chapter to challenge two sets of measures reflected in Mexico's February 2023 presidential corn decree: (i) an immediate ban on the use of GE corn in dough and tortillas, and (ii) an instruction to Mexican government agencies to gradually eliminate the use of GE corn for other food uses and in animal feed. The United States brought claims under the Sanitary and Phytosanitary Measures Chapter and under the National Treatment and Market Access for Goods Chapter of the USMCA. The panel issued its final report in December 2024, agreeing with the United States on all claims.[8]

Following the panel's findings in favor of the United States, on February 5, 2025, Mexico declared ineffective the measures that USTR successfully challenged in the USMCA dispute. Mexico remains the largest export market for U.S. corn (more than 40 percent of U.S. corn exports by value in 2024). The United States will continue to monitor closely Mexico's compliance with its USMCA commitments to ensure that Mexico's agricultural biotechnology measures are based on science and provide U.S. corn growers the market access that Mexico agreed to provide in the USMCA.

United States – Additional Import Duties on Goods from Canada

On March 4, 2025, Canada requested consultations concerning certain actions of the United States related to the President's Executive Order 14193 of February 1, 2025, as amended, undertaken pursuant to the National Emergencies Act (NEA) and the International Emergency Economic Powers Act (IEEPA) relating to issues of national security. On March 14, the United States accepted Canada's request without prejudice to the U.S. view that the actions cited by

[8] *See Mexico – Measures Concerning Genetically Engineered Corn*, Final Panel Report (Dec. 20, 2024), https://ustr.gov/sites/default/files/Final%20Report%20ENG.pdf.

Canada are issues of national security not susceptible to review or capable of resolution by USMCA dispute settlement.

United States – Additional Import Duties on Steel and Aluminum Articles from Canada

On March 12, 2025, Canada requested consultations concerning tariffs on imports of steel and aluminum articles imposed by the President of the United States pursuant to Section 232 of the Trade Expansion Act of 1962. On April 3, the United States accepted Canada's request without prejudice to the U.S. view that the tariffs imposed pursuant to Section 232 are issues of national security not susceptible to review or capable of resolution by USMCA dispute settlement.

United States – Additional Import Duties on Imports of Automobiles and Automobile Parts from Canada

On April 3, 2025, Canada requested consultations concerning tariffs on imports of automobiles and auto parts imposed by the President of the United States pursuant to Section 232 of the Trade Expansion Act of 1962. On April 16, the United States accepted Canada's request without prejudice to the U.S. view that the tariffs imposed pursuant to Section 232 are issues of national security not susceptible to review or capable of resolution by USMCA dispute settlement.

Section 301 Investigations

Section 301 of the *Trade Act of 1974*, as amended (Trade Act) (19 U.S.C. §§ 2411 *et seq.*), may be used to enforce U.S. rights under bilateral and multilateral trade agreements or to respond to unreasonable, unjustifiable, or discriminatory foreign government practices that burden or restrict U.S. commerce.

Brazil Acts, Policies and Practices Related to Digital Trade and Electronic Payment Services; Unfair, Preferential Tariffs; Anti-Corruption Enforcement; IP Protection; Ethanol Market Access; and Illegal Deforestation

On July 15, 2025, the U.S. Trade Representative initiated a section 301 investigation into the acts, policies and practices of Brazil related to digital trade and electronic payment services; unfair, preferential tariffs; anti-corruption enforcement; IP protection; ethanol market access; and illegal deforestation.

USTR opened a public comment process on July 17, 2025, to receive comment on various issues related to each aspect of the investigation, and a public hearing will be held on September 3, 2025.

Pursuant to section 304 of the Trade Act, the U.S. Trade Representative must determine within 12 months of initiation whether the acts, policies, or practices under investigation are actionable under section 301. If that determination is affirmative, the U.S. Trade Representative must determine whether action is appropriate, and if so, what action to take.

China's Targeting of the Semiconductor Industry for Dominance

On December 23, 2024, the U.S. Trade Representative initiated a section 301 investigation of China's acts, policies, and practices related to targeting of the semiconductor industry for dominance, including to the extent that China's semiconductors are incorporated as components into downstream products for critical industries like defense, automotive, medical devices, aerospace, telecommunications, and power generation and the electrical grid. U.S. concerns include the relationship between China's acts, policies, and practices and existing or threatened non-market excess capacity or overconcentration of semiconductor production in China, and resulting dependencies and vulnerabilities that create risks for certain critical downstream industries, as well as harm to U.S. semiconductor producers and foundries.

USTR held a public comment period and a public hearing in this investigation in March 2025. Pursuant to section 304 of the Trade Act, USTR must determine within 12 months of initiation whether the acts, policies, or practices under investigation are actionable under section 301. If that determination is affirmative, the U.S. Trade Representative must determine whether action is appropriate, and if so, what action to take.

China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance

On March 12, 2024, five labor unions[9] filed a section 301 petition regarding the acts, policies, and practices of China to dominate the maritime, logistics, and shipbuilding sector.

On April 17, 2024, after consultations with the appropriate trade advisory committees and the interagency Section 301 Committee, the U.S. Trade Representative initiated an investigation of China's acts, policies, and practices targeting the maritime, logistics, and shipbuilding sectors for dominance. The U.S. Trade Representative also requested consultations with the government of China pursuant to section 303 of the Trade Act.

Based on the information obtained during the investigation, on January 16, 2025, USTR released a public report on the investigation.[10] As detailed in the report, for nearly three decades, China has targeted the maritime, logistics, and shipbuilding sectors for dominance and has employed increasingly aggressive and specific targets in pursuing dominance. China's dominance severely disadvantages U.S. companies, workers, and the U.S. economy generally, through lessened

[9] The five petitioners are the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union AFL–CIO CLC (USW); the International Brotherhood of Electrical Workers (IBEW); the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers, AFL–CIO/CLC (IBB); the International Association of Machinists and Aerospace Workers (IAM); and the Maritime Trades Department of the AFL–CIO (MTD).

[10] *See Report of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance* (Jan. 16, 2025), https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-china-targeting-maritime-logistics-and-shipbuilding-sectors-dominance.

competition and commercial opportunities and through the creation of economic security risks from dependencies and vulnerabilities.

Based on the information obtained during the investigation, as reflected in the report, and taking into account public comments, as well as the advice of the Section 301 Committee and appropriate advisory committees, the U.S. Trade Representative determined that China's targeting of the maritime, logistics, and shipbuilding sectors for dominance is unreasonable and burdens or restricts U.S. commerce, and thus is actionable.

In particular, the U.S. Trade Representative determined that China's targeting of the maritime, logistics, and shipbuilding sectors for dominance is unreasonable because it displaces foreign firms, deprives market-oriented businesses and their workers of commercial opportunities and lessens competition, and creates dependencies on China, increasing risk and reducing supply chain resilience. China's targeting for dominance also is unreasonable because of China's extraordinary control over its economic actors and these sectors.

Furthermore, the U.S. Trade Representative determined that China's targeting of the maritime, logistics, and shipbuilding sectors for dominance burdens or restricts U.S. commerce by undercutting business opportunities for and investments in the U.S. maritime, logistics, and shipbuilding sectors, restricting competition and choice; creating economic security risks from dependence and vulnerabilities in sectors critical to the functioning of the U.S. economy; and undermining supply chain resilience. On February 21, 2025, the U.S. Trade Representative proposed to take responsive action in the form of service fees against maritime transport services provided through Chinese-owned or -operated vessels or through Chinese-built vessels. The U.S. Trade Representative also proposed that certain maritime transport service fees and restrictions would be applicable on a nondiscriminatory basis.

On April 9, 2025, the President issued Executive Order 14269, ''Restoring America's Maritime Dominance.'' With respect to the actions to be taken in this investigation, if any, the Executive Order directs the U.S. Trade Representative to (i) coordinate with appropriate agencies to collect additional information, as appropriate and to the extent permitted by law, in support of administering such actions; and (ii) coordinate with the Attorney General and Secretary of Homeland Security to take appropriate steps to enforce any restriction, fee, penalty, or duty imposed pursuant to such actions. Additionally, as part of the actions in this investigation, Executive Order 14269 directs the U.S. Trade Representative to consider proposing (i) tariffs on ship-to-shore cranes manufactured, assembled, or made using components of Chinese origin, or manufactured anywhere in the world by a company owned, controlled, or substantially influenced by a Chinese national; and (ii) tariffs on other cargo handling equipment. Executive Order 14269 also describes additional policies to broadly address China's targeting of the maritime, logistics, and shipbuilding sectors for dominance.

In a notice of April 17, 2025, following a period for public comment and a public hearing, the U.S. Trade Representative announced various fees to be imposed on vessel owners and operators of China, fees on Chinese-built ships, and fees on foreign-built car carrier vessels. For the first

180-days the fees were set at $0, increasing incrementally thereafter. The U.S. Trade Representative also determined to impose certain limited restrictions on the maritime transport of liquified natural gas (LNG) beginning in 2028, and to provide a mechanism for the suspension of the restriction for entities ordering and taking delivery of a U.S. built vessel. The April 17, 2025 notice also established a process to receive comments on a proposal to increase tariffs on certain port handling equipment, consistent with Executive Order 14269. On May 19, 2025, USTR held a hearing on the proposed tariff action. The tariff modifications remain under consideration.

On June 6, 2025, USTR issued a notice seeking comment on its proposal to modify the actions described above to, *inter alia,* provide for a targeted coverage provision pertaining to vessels in the Maritime Security Program, change the basis of the fee on vessel operators of foreign-built vehicle carriers to net tons, and eliminate a provision under which USTR may direct the suspension of LNG export licenses if certain terms were not met. The modifications remain under consideration.

China's Forced Technology Transfer-Related Policies and Practices

On August 18, 2017, the U.S. Trade Representative initiated an investigation into certain acts, policies, and practices of China related to technology transfer, IP, and innovation. On March 22, 2018, USTR issued a detailed report and determined that the acts, policies, and practices of China under investigation are unreasonable or discriminatory and burden or restrict U.S. commerce, and are thus actionable under section 301(b).

In particular, the U.S. Trade Representative determined that China had adopted actionable policies and practices: (i) requiring or pressuring U.S. companies to transfer technology to Chinese entities through joint venture requirements and other foreign ownership restrictions, administrative reviews, and licensing procedures; (ii) using its technology regulations to force U.S. companies to license their technologies on non-market terms that favor Chinese recipients; (iii) generating technology transfer from U.S. companies by directing or facilitating systematic investment in, and acquisition of, these U.S. companies and assets; and (iv) stealing sensitive commercial information and trade secrets of U.S. companies through unauthorized intrusions into their computer networks.

On November 20, 2018, USTR issued another detailed report, explaining that China had not fundamentally altered the policies and practices that were the subject of the March 2018 report.

With respect to the second category of acts, policies, and practices (involving technology licensing regulations), the U.S. Trade Representative decided that relevant U.S. concerns could be appropriately addressed through recourse to WTO dispute settlement.

Lists 1 and 2

With respect to the three other categories of acts, policies, and practices listed above, the U.S. Trade Representative, at the direction of the President, determined to impose an additional duty on certain products of China. The additional duties were imposed in two tranches, following public comment and hearings. In July 2018, an additional 25 percent duty was imposed on the first tranche, known as List 1, which covered 818 tariff subheadings with an approximate annual trade value of $34 billion. Subsequently in August 2018, an additional 25 percent duty was imposed on the second tranche, known as List 2, which covered 279 tariff subheadings with an approximate annual trade value of $16 billion.

List 3

In September 2018, the U.S. Trade Representative, at the direction of the President, determined to modify the prior action in the investigation by imposing additional duties on products of China classified under 5,733 tariff subheadings with an approximate annual trade value of $200 billion. The rate of the additional duty on these List 3 products was initially 10 percent ad valorem and was later increased to 25 percent ad valorem in May 2019, following public comment and hearing.

List 4

In August 2019, the U.S. Trade Representative, at the direction of the President, determined to modify the prior action in the investigation by imposing additional 10 percent ad valorem duties on products of China classified under approximately 3,805 tariff subheadings with an approximate annual trade value of $300 billion. The tariff subheadings subject to the 10 percent additional duties were separated into two lists with different effective dates: September 1, 2019, for the list in Annex A, known as List 4A, and December 15, 2019, for the list in Annex C, known as List 4B. Subsequently, at the direction of the President, the U.S. Trade Representative determined to increase the rate of the additional duties for products covered by List 4A from 10 percent to 15 percent, effective September 1, 2019. The rate of the additional duties was subsequently reduced to 7.5 percent. Effective December 15, 2019, List 4B was suspended indefinitely.

Product Exclusions

For each of the four lists (List 1-List 4A), USTR established processes by which stakeholders could request that particular products classified within a covered tariff subheading be excluded from the additional duties. Under these processes, USTR granted 2,217 exclusions and 549 exclusions were subsequently extended. Most of these exclusions expired by December 31, 2020, with the remainder expiring in early 2021. In March 2022, following a public comment process, USTR reinstated 352 of the 549 previously extended exclusions through the end of

2022. On December 21, 2022, USTR extended the reinstated exclusions for an additional nine months, through September 30, 2023.

In 2020, USTR granted 99 exclusions for certain medical care products to address COVID. These exclusions were subsequently extended and scheduled to expire November 30, 2021. Following public comment processes, 81 of the COVID exclusions were ultimately extended to May 31, 2023, and 77 of the COVID exclusions were further extended through September 30, 2023.

To allow for consideration under the Four-Year Review (*see below*), on September 11, 2023, USTR further extended all remaining exclusions through December 31, 2023.

In light of public comments submitted in the Four-Year Review, on December 29, 2023, USTR invited public comments on whether to further extend any of the remaining exclusions, and announced an interim extension of the exclusions through May 31, 2024. Subsequently, and prior to the expiration of the interim extension, USTR announced a determination to extend all remaining exclusions through June 14, 2024, in order to provide a transition period for expiring exclusions, and to extend 164 exclusions through May 31, 2025. These 164 exclusions were subsequently extended through August 31, 2025.

Four-Year Review

In May 2022, following requests from domestic industries which benefit from the tariff actions, the U.S. Trade Representative commenced the statutory Four-Year Review of the actions taken. The statute directs that the Four-Year Review include a consideration of: (i) the effectiveness of the action in achieving the objectives of the investigation; (ii) other actions that could be taken; and (iii) the effects of the action on the U.S. economy, including consumers. To aid in this review, USTR opened an electronic portal to receive public comments on a number of issues including those directed by the statute, as well as views on the impact of the actions on U.S. workers, U.S. small businesses, U.S. manufacturing, critical supply chains, U.S. technological leadership, and possible tariff inversions.

On May 14, 2024, USTR released its report on the findings of the Four-Year Review. The report concludes that:

- Section 301 actions have been effective in encouraging China to take steps toward eliminating some of its technology transfer-related acts, policies, and practices and have reduced some of the exposure of U.S. persons and businesses to these technology transfer-related acts, policies, and practices.

- China has not eliminated many of its technology transfer-related acts, policies, and practices, which continue to impose a burden or restriction on U.S. commerce. Instead of pursuing fundamental reform, China has persisted, and in some cases become aggressive, including through cyber intrusions and cybertheft, in its attempts to acquire and absorb

foreign technology, which further burden or restrict U.S. commerce.

- Economic analyses generally find that tariffs have had small negative effects on U.S. aggregate economic welfare, positive impacts on U.S. production in the 10 sectors most directly affected by the tariffs, and minimal impacts on economy-wide prices and employment.

- Negative effects on the United States are particularly associated with retaliatory tariffs that China has applied to U.S. exports.

- Critically, these analyses examine the tariff actions as isolated policy measures without reference to the policy landscape that may be reinforcing or undermining the effects of the tariffs.

- Economic analyses, including the principal U.S. Government analysis published by the U.S. International Trade Commission, generally find that the section 301 tariffs have contributed to reducing U.S. imports of goods from China and increasing imports from alternate sources, including U.S. allies and partners, thereby potentially supporting U.S. supply chain diversification and resilience.

Also on May 14, 2024, USTR announced that, at the specific direction of the President, USTR would be proposing modifications to the tariff actions to add or increase tariffs on certain products of China in strategic sectors, and the establishment of an exclusion process for machinery used in domestic manufacturing with the prioritization of exclusions for certain solar manufacturing equipment. On May 28, 2024, USTR issued a notice establishing a 30-day docket to receive public comment on proposed increases to tariffs on specific products in strategic sectors, a framework for an exclusion process, and proposed exclusions for solar manufacturing equipment.

Following the public comment process, on September 18, 2024, USTR announced the Trade Representative's determination to modify the actions by imposing additional section 301 duties or increasing the rate for certain products of China in strategic sectors. Additionally, USTR proposed increasing tariff rates for certain tungsten products, wafers, and polysilicon. USTR also provided a list of tariff subheadings eligible for consideration of temporary exclusion under an exclusion process for certain machinery used in domestic manufacturing and announced temporary exclusions for certain solar manufacturing equipment, through May 31, 2025. These exclusions were subsequently extended through August 31, 2025. On September 24, 2024, USTR issued a notice establishing a 30-day docket to receive public comment on the proposed tariff rates for certain tungsten products, wafers, and polysilicon products. After considering public comments, on December 16, 2024, USTR announced final tariff rates for these products.

U.S.-China Economic and Trade Agreement

The United States and China signed the U.S.-China Economic and Trade Agreement on January 15, 2020 (the "Phase One Agreement"), which created binding commitments to address China's technology transfer regime. The Phase One Agreement entered into force on February 14, 2020. The Technology Transfer Chapter addresses some of the unfair non-market practices covered in the section 301 investigation. In the Agreement, China commits not to coerce technology transfer. The commitment applies to both written measures and informal acts and practices of agencies and officials that may not be written into official policy. China's lack of compliance with the Agreement is a serious concern.

Digital Services Taxes

France

On July 10, 2019, the U.S. Trade Representative initiated an investigation of France's Digital Services Tax (DST). In December 2019, USTR released a detailed report and determined that France's DST was actionable under section 301, that is it was unreasonable or discriminatory and burdens or restricts U.S. commerce. In January 2020, France agreed to postpone the collection of its DST. In July 2020, USTR determined to take action in the form of tariffs in this investigation and deferred imposition of the tariffs for up to six months. In January 2021, USTR determined to further suspend the action in the French investigation to allow USTR to coordinate actions in all DST investigations.

Austria, India, Italy, Spain, Turkey, and the United Kingdom

On June 2, 2020, USTR initiated investigations into DSTs adopted or under consideration in ten jurisdictions: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey, and the United Kingdom.

In January 2021, following comprehensive investigations, USTR determined that the DSTs adopted by Austria, India, Italy, Spain, Turkey, and the United Kingdom discriminated against U.S. digital companies, were inconsistent with principles of international taxation, and burdened or restricted U.S. commerce.

In March 2021, USTR announced proposed trade actions in these six investigations, and undertook a public notice and comment process, during which it collected hundreds of public comments and held seven public hearings. At that time, USTR also terminated the remaining four investigations (of Brazil, the Czech Republic, the EU, and Indonesia) because those jurisdictions had not implemented the DSTs under consideration.

On June 2, 2021, USTR announced tariffs on certain goods from Austria, India, Italy, Spain, Turkey, and the United Kingdom, and immediately suspended the imposition of those tariffs

while multilateral negotiations on international taxation at the Organisation for Economic Co-operation and Development (OECD) and in the G20 continue.

On October 8, 2021, the United States and 135 other jurisdictions participating in the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting reached a political agreement on a two-pillar solution to address tax challenges arising from the digitalization of the world economy.

On October 21, 2021, Treasury, under the Biden Administration, issued a joint statement with Austria, France, Italy, Spain, and the United Kingdom on a transitional approach to those countries' DSTs prior to entry into force of Pillar 1 (concerning the reallocation of certain taxing rights). Under the joint statement, DST liabilities accrued during the transitional period will be creditable in defined circumstances against future taxes due under Pillar 1. In return, section 301 trade actions initiated during 2019 and 2020 on goods with respect to each of Austria, France, Italy, Spain, and the United Kingdom were terminated. The arrangement set out in the October 21, 2021 joint statement was extended to June 30, 2024.

On November 22, 2021, Treasury, under the Biden Administration, issued a joint statement with Turkey regarding a transitional approach to Turkey's DST prior to entry into force of Pillar 1. Under the joint statement, DST liabilities accrued during the transitional period will be creditable in defined circumstances against future taxes due under Pillar 1. In return, the section 301 trade action initiated in 2020 was terminated. The arrangement set out in the October 21, 2021 joint statement was extended to June 30, 2024.

On November 24, 2021, Treasury, under the Biden Administration, issued statements describing a transitional approach to India's DST prior to entry into force of Pillar 1. Under the joint statement, the DST liability that U.S. companies accrue in India during the interim period will be creditable in defined circumstances against future taxes accrued under Pillar 1. Based on the commitment of India to remove its DST pursuant to Pillar 1 and on India's political agreement to this transitional approach prior to Pillar 1's entry into force, the U.S. Trade Representative terminated the section 301 action taken in the investigation of India's DST. In the Finance (No. 2) Bill of 2024, India removed its DST. In the Finance Act, 2025, India also removed its six percent "equalization levy."

Canada

On June 28, 2024, Canada brought into force a DST that raises serious concerns of unfair discrimination against U.S. businesses. On June 29, 2025, Canada announced that it will rescind its DST. Canada has not yet introduced legislation to rescind its DST, and USTR will continue to monitor this matter.

OECD Global Tax Deal

On January 20, 2025, the United States issued a White House Memorandum titled "The Organization for Economic Co-Operation and Development (OECD) Global Tax Deal (Global Tax Deal)." The memorandum stated:

> The Secretary of the Treasury and the Permanent Representative of the United States to the OECD shall notify the OECD that any commitments made by the prior administration on behalf of the United States with respect to the Global Tax Deal have no force or effect within the United States absent an act by the Congress adopting the relevant provisions of the Global Tax Deal.

On January 22, 2025, appropriate Treasury representatives provided notice to the Director of the Centre of Tax Policy and Administration at the OECD. On January 24, 2025, the U.S. Permanent Delegation to the OECD provided similar notice to the Secretary General of the OECD.

Nicaragua's Acts, Policies, and Practices Related to Labor Rights, Human Rights, and the Rule of Law

On December 10, 2024, the U.S. Trade Representative initiated a section 301 investigation of Nicaragua's acts, policies, and practices related to labor rights, human rights, and the rule of law. USTR is considering longstanding and widely reported concerns regarding the actions of the Government of Nicaragua that may violate labor rights and human rights and undermine the rule of law. These actions include politically-motivated arrests and imprisonments; repression of members of religious groups and non-governmental organizations; extrajudicial killings; cruel, inhuman or degrading treatment; restrictions on freedom of expression and movement; violence against members of marginalized groups; repression of freedom of association and collective bargaining; forced labor; human trafficking; eliminating legislative and judicial independence; spurious seizures of property; arbitrary fines and rulings; and other harmful acts.

USTR held a public comment period and a public hearing in this investigation in January 2025. Pursuant to section 304 of the Trade Act, USTR must determine within 12 months of initiation whether the acts, policies, or practices under investigation are actionable under section 301. If that determination is affirmative, the U.S. Trade Representative must determine whether action is appropriate, and if so, what action to take.

Vietnam's Acts, Policies, and Practices Related to Currency Valuation

Policies of U.S. trading partners that result in the undervaluation of their currencies are an important area of concern. Interventions in the foreign exchange (FX) market to maintain an undervalued currency make it harder for U.S.-based producers to export, and make imports artificially cheaper.

On October 2, 2020, the U.S. Trade Representative initiated an investigation regarding whether Vietnam's acts, policies, and practices related to the valuation of its currency are unreasonable or

discriminatory and burden or restrict U.S. commerce. On January 15, 2021, the U.S. Trade Representative determined that Vietnam's acts, policies, and practices related to currency valuation, including excessive foreign exchange market interventions and other related actions, taken in their totality, are unreasonable and burden or restrict U.S. commerce, and thus are actionable under section 301. The U.S. Trade Representative made this determination in consultation with the U.S. Department of the Treasury, based on the information obtained during the investigation, and taking account of public comments and the advice of the Section 301 Committee and advisory committees. The determination was accompanied by a detailed public report.

The report evaluated the specific facts and circumstances examined in the investigation in light of widely-accepted norms, as evidenced in international agreements and U.S. law, that exchange rate policy should not be undertaken to gain an unfair competitive advantage in international trade, should not artificially enhance a country's exports and restrict its imports in ways that do not reflect their underlying competitiveness, should not prevent exchange rates from reflecting underlying economic and financial conditions, and should not prevent balance of payments adjustment.

On July 19, 2021, Treasury and the State Bank of Vietnam (SBV) issued a joint statement that they had reached an agreement to address Treasury's concerns about Vietnam's currency practices as described in Treasury's Report to Congress on the Macroeconomic and Foreign Exchange Policies of Major Trading Partners of the United States. On July 23, 2021, the U.S. Trade Representative found that the Treasury-SBV agreement and the measures of Vietnam called for in the agreement provide a satisfactory resolution of the matter subject to investigation and that no action under section 301 was appropriate at that time. Treasury and USTR continue to monitor Vietnam's implementation of its commitments on exchange rate policy. If USTR, in consultation with Treasury, considers that implementation is not satisfactory, the U.S. Trade Representative will consider further action under section 301.

Vietnam's Acts, Policies, and Practices Related to the Import and Use of Illegal Timber

The import and use of illegally harvested or traded timber disadvantages U.S. producers and is detrimental to the environment.

Vietnam is a leading and rapidly growing producer and exporter of wood products, such as plywood and wooden furniture. The United States is Vietnam's largest export market, with 2024 imports of $9.5 billion in wooden furniture from Vietnam alone.

On October 2, 2020, the U.S. Trade Representative initiated a section 301 investigation concerning Vietnam's acts, policies, and practices related to the alleged import and use of timber that is illegally harvested or traded. The notice of initiation explained that Vietnam relies on imports of timber harvested in other countries to supply the timber inputs needed for its wood products manufacturing sector, and evidence suggests that a significant portion of that imported

timber was illegally harvested or traded. This was the first section 301 investigation to address environmental concerns.

On October 1, 2021, the United States and Vietnam signed an agreement ("Timber 301 Agreement") that addresses U.S. concerns in the timber investigation. The Timber 301 Agreement secures commitments that will help keep illegally harvested or traded timber out of the supply chain and protect the environment and natural resources. USTR continues to monitor Vietnam's implementation of the Timber 301 Agreement. The United States and Vietnam have convened four meetings of the Timber Working Group, which was established under the agreement to facilitate coordination between the parties and oversee the implementation of the Timber 301 Agreement. The group last met in May 2024. These meetings have established a strong basis for continued implementation of the Timber 301 Agreement. In September 2024, Vietnam amended a regulation with a view to implementing several core commitments in the Timber 301 Agreement – *Decree No. 120/2024/ND on Amending and supplementing a number of articles of Decree No. 102/2020/ND by the Government of Viet Nam on Timber Legality Assurance System*. Those commitments include (i) broadening the scope of Vietnam's Timber Legality Assurance System (*e.g.*, to include Vietnamese importers); (ii) amending how Vietnam evaluates timber imports to take into account the risk of illegal logging, illegal timber trade, and fraudulent documentation; and (iii) verifying domestically harvested timber exported to the United States or other destinations. In April 2025, Vietnam amended *Decree No. 29/2018/ND-CP, Prescribing processes and procedures for establishing all-people ownership of property and disposal of property under established all-people ownership,* through *Decree No. 77/2025/ND-CP on Stipulating Competence and Procedures for Establishing the People's Ownership of Property and Handling of Property for which the People's Ownership is Established*, which concerns the handling of confiscated timber. Vietnam's issuance of a circular to implement both amended decrees is pending.

The United States will continue to monitor Vietnam's implementation of the Timber 301 Agreement, including amending other timber legality legislation pursuant to the Agreement. If the U.S. Trade Representative determines that Vietnam is not satisfactorily implementing the Timber 301 Agreement or associated measures, then the U.S. Trade Representative will consider further action under section 301.

Pursuit of Fundamental Reform at the WTO and Enforcement of U.S. Rights in Ongoing Dispute Settlement Actions

The United States considers that fundamental reform of the WTO's dispute settlement system is necessary if the WTO is to remain viable and continues to reflect on whether it is possible to achieve a reformed WTO dispute settlement system that advances U.S. interests while preserving U.S. sovereignty. The United States will defend U.S. interests in ongoing dispute settlement actions.

Fundamental Reform of WTO Dispute Settlement

Fundamental reform of WTO dispute settlement is needed to maintain U.S. participation. For many years, U.S. Administrations under both parties have warned trading partners of the harm resulting from the WTO dispute settlement system's interpretive and systemic overreaching and its undermining of U.S. measures to defend U.S. citizens, workers, and businesses, including from China's non-market policies and practices. Without the consent of WTO Members, including the United States, the Appellate Body and panels simply cannot be allowed to unilaterally amend substantive WTO rules and undermine our sovereignty.

The United States has documented numerous instances of WTO dispute settlement taking decisions that impinge on U.S. sovereignty and undermine U.S. interests in a manner that is contrary to the text of the agreements. For example:

- WTO panels have repeatedly interpreted WTO rules to find that the WTO has the authority to pass judgment on actions determined by the United States to be in its essential security interests.

- A WTO panel has faulted the United States for using tariffs to defend its economy from China's harmful forced technology transfer practices, including widespread state-supported cyber theft and industrial espionage, and refused even to examine the extensive evidence and findings by the United States—effectively misreading the WTO agreements and allowing it to serve as a shield for China's unfair, non-market policies.

- The Appellate Body has restricted the U.S. ability to pursue legitimate policy objectives by introducing requirements not found in the text of the national treatment provision of the *General Agreement on Tariffs and Trade* (GATT) 1994 or the *Agreement on Technical Barriers to Trade.*

- The Appellate Body has attacked U.S. countervailing duty laws, making it more difficult to remedy the market-distorting subsidies of China and other trading partners.

- The Appellate Body has created requirements that undermine the ability to calculate accurate antidumping margins and to provide relief to U.S. workers and businesses from dumped imports.

- The Appellate Body has interpreted WTO rules in a manner that puts the U.S. tax system at an unfair and illogical disadvantage compared to that of many trading partners.

- The Appellate Body has interpreted the *Agreement on Safeguards*—an agreement critical to addressing global import surges that can overwhelm a particular industry—in a manner that significantly limits the ability of Members to use that vital provision.

- The Appellate Body has interfered with the appropriations process by limiting Congress's ability to spend money collected through antidumping and countervailing duties.

It would be contrary to U.S. interests to support a dispute settlement system that adopts these and other interpretations that depart from the plain text as agreed to by the United States. These interpretations of the Appellate Body and WTO panels facilitate efforts by some WTO Members to achieve more advantageous outcomes through litigation than could be achieved through negotiation. The consequences of this strategy—enabled by the judicial activism of WTO adjudicators—are tangible: they represent an effort to prevent the United States from taking action to protect its essential security interests, address unfair, non-market practices that hurt U.S. workers, and pursue other legitimate policy objectives.

These and other actions by WTO adjudicators undermine U.S. interests and call into question whether WTO dispute settlement serves as an effective tool for resolving U.S. trade concerns. The United States has been among the most active participants in WTO dispute settlement and has prevailed in many disputes in which it challenged the WTO-consistency of another Member's measure. Yet, even when successful, our stakeholders have often experienced no or minimal economic benefit, for example, when the other Member delays or does not repair the breach, or simply pursues its policy through other trade-restrictive means, and especially relative to the associated economic and non-economic costs of WTO dispute settlement. Too often, the extended timelines for a dispute mean that stakeholders must pursue alternative solutions. Even when a finding of inconsistency is determined, the measures taken to comply are often unsatisfactory and simply produce their own complexities and concerns. For these reasons, the United States has increasingly looked to the alternative tools available to address U.S. stakeholder concerns.

The United States recognizes the value of a mechanism to assist Members in the resolution of their trade disputes and has invested considerable effort over a span of years to identify appropriate reforms with WTO Members. Despite this engagement, WTO Members continue to have vastly different perspectives on the role of WTO dispute settlement in today's world and the reforms that are needed. The United States continues to reflect on whether it is possible to achieve a reformed WTO dispute settlement system that advances U.S. interests while preserving U.S. sovereignty.

Continued Enforcement Against Trade Barriers

USTR will continue to prioritize the elimination of trade barriers imposed by foreign governments to the detriment of American workers, manufacturers, farmers, ranchers, entrepreneurs, and businesses. Such barriers include import licensing restrictions, non-science-based sanitary and phytosanitary measures, and other import restrictions affecting U.S. products, including food and agricultural products. Foreign governments also continue to provide both domestic and export subsidies to unfairly benefit their products and disadvantage U.S. exports and to use lack of transparency and procedural fairness as a means to protect home markets, such

as in antidumping and countervailing duty investigations. USTR also will continue to monitor and enforce foreign export restrictions and discriminatory content requirements that reduce U.S. export opportunities.

European Communities and Certain Member States – Measures Affecting Trade in Large Civil Aircraft (Second Complaint) (Recourse to Article 21.5 of the Dispute Settlement Understanding (DSU)) (DS316)

The United States has entered into cooperative frameworks with the EU and the UK to address concerns and enhance cooperation following successful challenges to the massive subsidies to Airbus. In 2016 and 2018, compliance panel and appellate reports confirmed that the EU and four Member States failed to comply with the earlier WTO recommendation finding launch aid for twin-aisle and very large aircraft programs inconsistent with their WTO obligations.

In October 2019, the WTO arbitrator found that annual countermeasures of $7.5 billion were commensurate with the adverse effects to the United States from the EU launch aid. The arbitrator calculated this amount based on the WTO's non-compliance findings of significant lost sales of Boeing large civil aircraft and exports of large aircraft being impeded to the EU, Australia, China, Korea, Singapore, and United Arab Emirates markets.

On April 12, 2019, the United States initiated an investigation under section 301 of the Trade Act of 1974 to enforce U.S. rights under the WTO *Agreement on Subsidies and Countervailing Measures* ("SCM Agreement") denied by the EU and certain Member States. In response to the EU's failure to withdraw the WTO-inconsistent subsidies or remove their adverse effects, the United States imposed additional duties of 10 percent on large civil aircraft and 25 percent on certain other products of the EU, effective October 18, 2019. USTR subsequently reviewed and modified this tariff action in accordance with the applicable provisions under section 306 of the Trade Act.

On June 15, 2021, the United States reached an understanding with the EU on a cooperative framework that would suspend tariffs for five years, ensure that future government financing is on market terms, and provide for joint, concrete action to confront the emerging threat from China's and other non-market practices in this sector. On June 17, 2021, the United States reached a similar understanding with the United Kingdom. USTR proceeded to suspend for five years the tariff action in the section 301 investigation involving the enforcement of U.S. rights in the dispute.

Indonesia – Importation of Horticultural Products, Animals and Animal Products (DS478)

The United States, together with New Zealand, successfully challenged Indonesia's import licensing regimes and restrictions on horticultural products, animal products (such as beef and poultry), and animals. The panel report was circulated in December 2016, and the United States prevailed on all claims. Indonesia appealed the panel report. In November 2017, the WTO upheld the original panel findings in the dispute that all 18 Indonesian measures challenged by

the United States are inconsistent with Indonesia's WTO obligations and are not justified as legitimate public policy measures. Indonesia agreed that the reasonable period of time for implementation of the WTO's recommendations expired in July 2018. In August 2018, the United States requested authorization from the Dispute Settlement Body (DSB) to suspend concessions or other obligations pursuant to Article 22.2 of the DSU. Indonesia objected to the United States' proposed level of suspension of concessions, and the matter was referred to arbitration pursuant to Article 22.6 of the DSU. The parties continue to discuss a resolution to the U.S. concerns.

China – Domestic Support for Agricultural Producers (DS511)

USTR continues to monitor two challenges to China's agricultural policies relating to grains. In this dispute, the United States challenged China's provision of domestic support to wheat, rice, and corn producers in excess of its Aggregate Measure of Support commitments under the WTO *Agreement on Agriculture*. In 2019, a WTO panel agreed with the United States that China provided domestic support to its agricultural producers in 2012-2015, well in excess of its WTO commitments. Specifically, the panel found that China had provided support in excess of permitted levels for Indica (long-grain) rice, Japonica (short- and medium-grain) rice, and wheat, in every year. Each finding individually established that China breached its overall agricultural domestic support commitment for agricultural producers. Neither party appealed the report, and the DSB adopted the report on April 26, 2019. China and the United States agreed that the reasonable period of time for China to implement the WTO's recommendations would expire on June 30, 2020. China claimed that it had implemented the WTO's recommendation, but the United States was not in a position to agree with China's claim. On July 16, 2020, the United States requested authorization from the DSB to take countermeasures under Article 22.2 of the DSU. China objected to the level of countermeasures identified in the U.S. request, referring the matter to arbitration under Article 22.6 of the DSU.

China – Tariff Rate Quotas for Certain Agricultural Products (DS517)

In this dispute, the United States also challenged China's administration of its TRQs for grains. The United States asserted that China's administration of its TRQs was not transparent, predictable, or fair; was not administered using clearly specified requirements or administrative procedures; inhibited the filling of the TRQs; and thus, appeared inconsistent with commitments in China's WTO Accession Protocol and the GATT 1994. In 2019, a WTO panel circulated its report, and the United States prevailed on its claims that China's TRQ administration is inconsistent with WTO rules. Neither party appealed the report, and the DSB adopted the report on May 28, 2019. China and the United States agreed that the reasonable period of time for China to implement the WTO's recommendations would expire on December 31, 2019. On February 17, 2020, China notified the DSB that as of December 31, 2019, China had fully implemented the WTO's recommendations in this matter. To allow the United States time to evaluate China's compliance measures, China and the United States mutually agreed to modify the reasonable period of time to expire on June 29, 2021. On July 15, 2021, the United States

requested authorization from the DSB to suspend concessions or other obligations pursuant to Article 22.2 of the DSU. China filed a request for the establishment of a compliance panel under Article 21.5 of the DSU.

China – Additional Duties on Certain Products from the United States (DS558)

On July 16, 2018, the United States requested consultations concerning China's imposition of additional duties in retaliation to the action of the United States under section 232 on national security grounds. The consultations request identified an additional duties measure that appears inconsistent with Articles I and II of the GATT 1994, because China does not impose a similar duty increase on the products of other WTO Members and the applied duties are above China's bound rates. Consultations took place on August 29, 2018. At the request of the United States, the panel was established in November 2018. On August 16, 2023, the panel circulated its final report finding that China's retaliatory measure was inconsistent with WTO rules. The panel rejected China's claim that the U.S. section 232 measures are safeguard measures and that China's retaliatory duties are justified as "rebalancing" measures under the WTO *Agreement on Safeguards*. In September 2023, China notified the DSB of its decision to appeal the panel report.

European Union – Additional Duties on Certain Products from the United States (DS559)

On July 16, 2018, the United States requested consultations concerning the EU's imposition of additional duties in retaliation to the action of the United States under section 232 on national security grounds. The consultations request identified an additional duties measure that appeared inconsistent with Articles I and II of the GATT 1994, because the EU did not impose a similar duty increase on the products of other WTO Members and the applied duties were above the EU's bound rates. Consultations took place on August 28, 2018. At the United States' request, the panel was established in November 2018. Following the U.S.-EU arrangement announced on October 31, 2021, the panel proceedings were terminated, and the matter was referred to arbitration proceedings that are suspended indefinitely.

Turkey – Additional Duties on Certain Products from the United States (DS561)

On July 16, 2018, the United States requested consultations concerning Turkey's imposition of additional duties in retaliation to the action of the United States under section 232 on national security grounds. The consultations request identified an additional duties measure that appears inconsistent with Articles I and II of the GATT 1994, because Turkey does not impose a similar duty increase on the products of other WTO Members and the applied duties are above Turkey's bound rates. Consultations took place on August 29, 2018. On October 18, 2018, the United States requested supplemental consultations that took place on November 14, 2018 regarding amendments to Turkey's measure. At the request of the United States, the panel was established in January 2019. On December 19, 2023, the panel circulated its final report finding that Turkey's retaliatory measure was inconsistent with WTO rules. The panel rejected Turkey's

claim that the U.S. section 232 measures are safeguard measures and that Turkey's retaliatory duties are justified as "rebalancing" measures under the WTO *Agreement on Safeguards*. In January 2024, Turkey notified the DSB of its decision to appeal the panel report.

Russia – Additional Duties on Certain Products from the United States (DS566)

On August 27, 2018, the United States requested consultations concerning Russia's imposition of additional duties in retaliation to the action of the United States under section 232 on national security grounds. The consultations request identified an additional duties measure that appears inconsistent with Articles I and II of the GATT 1994, because Russia does not impose a similar duty increase on the products of other WTO Members and the applied duties are above Russia's bound rates. Consultations took place on November 9, 2018. At the request of the United States, the panel was established in December 2018.

Defense Against Other WTO Challenges

The United States is defending numerous WTO challenges against duties and other actions taken to protect U.S. national security interests. As noted above, the United States has brought several challenges to retaliatory duties imposed by countries in response to those national security actions. Examples of the United States' defensive cases include:

United States – Tariff Measures on Certain Goods from China (DS543)

On April 4, 2018, China requested consultations with the United States concerning certain tariff measures on Chinese goods which would allegedly be implemented through section 301 of the *Trade Act of 1974*. The United States responded that it was willing to enter into consultations with China, without prejudice to its view that China's request did not satisfy the requirements of Article 4 of the DSU. China filed an addendum to its consultations request on July 9, 2018. Consultations took place in August and October 2018, but the parties were unable to reach a mutually satisfactory resolution to the dispute. At China's request, the WTO established a panel in June 2019. The panel held hearings with the parties in October 2019 and February 2020.

The panel circulated its report on September 15, 2020. The panel concluded that the tariff measures at issue are inconsistent with Article I:1 of the GATT 1994, because they fail to provide treatment for Chinese products that is no less favorable than that granted to like products originating from other WTO Members, and with Articles II:1(a) and (b) of the GATT 1994, because the additional duties are in excess of the bound rates found in the U.S. Schedule. On October 27, 2020, the United States notified the DSB of its decision to appeal certain issues of law covered in the panel report.

United States – Certain Measures on Steel and Aluminum Products (DS544)

On April 5, 2018, China requested consultations concerning certain duties that the United States imposed on imports of steel and aluminum products from China. The consultations request

alleges that the measures appear to breach various provisions of the GATT 1994 and the *Agreement on Safeguards*. Without prejudice to the U.S. view that the tariffs imposed pursuant to section 232 are issues of national security not susceptible to review or capable of resolution by WTO dispute settlement, and that the consultations provision in the *Agreement on Safeguards* is not applicable, the United States indicated it was willing to enter into consultations. Consultations were held in July 2018. The parties failed to reach a mutually satisfactory resolution to the dispute. At China's request, in November 2018, the WTO established a panel. On December 9, 2022, the panel circulated its final report finding the U.S. measures were inconsistent with various obligations under the GATT 1994, and that these inconsistencies were not justified under Article XXI(b)(iii) of the GATT 1994.

On January 26, 2023, the United States notified the DSB of its decision to appeal certain issues of law and legal interpretation covered in the panel report. In a statement to the DSB, the United States rejected the panel's erroneous interpretation of Article XXI(b), noting that for over 70 years, the United States has held the clear and unequivocal position that issues of national security cannot be reviewed in WTO dispute settlement, and the WTO has no authority to second-guess the ability of a WTO Member to respond to a wide-range of threats to its security.[11]

This dispute is one of numerous instances of WTO dispute settlement taking decisions that impinge on U.S. sovereignty and undermine U.S. interests in a manner that is contrary to the text of the WTO agreements. Not only has the WTO dispute settlement system failed to adequately address China's breaches of the WTO agreements, but it has also undermined the ability of Members—particularly the United States—to address the harms from China's non-market economy. The United States made clear from the beginning of this dispute that the U.S. measures at issue were national security actions, taken pursuant to a national security statute, and emphasized the clear and unequivocal U.S. position, maintained consistently for over 70 years, that issues of national security are political in nature and are not matters appropriate for adjudication in the WTO dispute settlement system.

The outcome in this dispute makes WTO rules an instrument for China to protect its non-market behavior, rather than promoting fair, market-based competition that improves the welfare of all our citizens. This outcome also represents an effort to prevent the United States from taking action to protect its essential security interests, address unfair, non-market practices that hurt U.S. workers, and pursue other legitimate policy objectives. Such actions undermine U.S. interests and call into question whether WTO dispute settlement serves as an effective tool for resolving U.S. trade concerns.

[11] *See* Dispute Settlement Body, Minutes of the Meeting Held on January 27, 2023, WT/DSB/M/475.

United States – Certain Measures on Steel and Aluminum Products (DS548)

On June 1, 2018, the EU requested consultations concerning certain duties that the United States imposed on imports of steel and aluminum products from the EU. The consultations request alleges that the measures appear to breach various provisions of the GATT 1994 and the *Agreement on Safeguards*. Without prejudice to the U.S. view that the tariffs imposed pursuant to section 232 are issues of national security not susceptible to review or capable of resolution by WTO dispute settlement, and that the consultations provision in the *Agreement on Safeguards* is not applicable, the United States indicated it was willing to enter into consultations. Consultations were held in July 2018. The parties failed to reach a mutually satisfactory resolution to the dispute. At the EU's request, in November 2018, the WTO established a panel. Following the U.S.-EU arrangement announced on October 31, 2021, the panel proceedings were terminated, and the matter was referred to arbitration proceedings that are suspended indefinitely.

United States – Certain Measures on Steel and Aluminum Products (DS552)

On June 12, 2018, Norway requested consultations concerning certain duties that the United States imposed on imports of steel and aluminum products from Norway. The consultations request alleges that the measures appear to breach various provisions of the GATT 1994 and the *Agreement on Safeguards*. Without prejudice to the U.S. view that the tariffs imposed pursuant to section 232 are issues of national security not susceptible to review or capable of resolution by WTO dispute settlement, and that the consultations provision in the *Agreement on Safeguards* is not applicable, the United States indicated it was willing to enter into consultations. Consultations were held in July 2018. The parties failed to reach a mutually satisfactory resolution to the dispute. At Norway's request, in November 2018, the WTO established a panel. On December 9, 2022, the panel circulated its final report finding the U.S. measures were inconsistent with various obligations under the GATT 1994, and that these inconsistencies were not justified under Article XXI(b)(iii) of the GATT 1994.

On January 26, 2023, the United States notified the DSB of its decision to appeal issues of law covered in the panel report, and stated that we would confer with Norway on the way forward in this dispute. In a statement to the DSB, the United States rejected the panel's erroneous interpretation of Article XXI(b), noting that for over 70 years, the United States has held the clear and unequivocal position that issues of national security cannot be reviewed in WTO dispute settlement, and the WTO has no authority to second-guess the ability of a WTO Member to respond to a wide-range of threats to its security. [12]

The outcome in this dispute makes WTO rules an instrument for China to protect its non-market behavior, rather than promoting fair, market-based competition that improves the welfare of all our citizens. This outcome also represents an effort to prevent the United States from taking action to protect its essential security interests, address unfair, non-market practices that hurt

[12] *See id*.

U.S. workers, and pursue other legitimate policy objectives. Such actions undermine U.S. interests and call into question whether WTO dispute settlement serves as an effective tool for resolving U.S. trade concerns.

United States – Certain Measures on Steel and Aluminum Products (DS556)

On July 9, 2018, Switzerland requested consultations concerning certain duties that the United States imposed on imports of steel and aluminum products from Switzerland. The consultations request alleges that the measures appear to breach various provisions of the GATT 1994 and the *Agreement on Safeguards*. Without prejudice to the U.S. view that the tariffs imposed pursuant to section 232 are issues of national security not susceptible to review or capable of resolution by WTO dispute settlement, and that the consultations provision in the *Agreement on Safeguards* is not applicable, the United States indicated it was willing to enter into consultations. Consultations were held in August 2018. The parties failed to reach a mutually satisfactory resolution to the dispute. At Switzerland's request, in December 2018, the WTO established a panel. On December 9, 2022, the panel circulated its final report finding the U.S. measures were inconsistent with various obligations under the GATT 1994, and that these inconsistencies were not justified under Article XXI(b)(iii) of the GATT 1994.

On January 26, 2023, the United States notified the DSB of its decision to appeal issues of law covered in the panel report, and stated that we would confer with Switzerland on the way forward in this dispute. In a statement to the DSB, the United States rejected the panel's erroneous interpretation of Article XXI(b), noting that for over 70 years, the United States has held the clear and unequivocal position that issues of national security cannot be reviewed in WTO dispute settlement, and the WTO has no authority to second-guess the ability of a WTO Member to respond to a wide-range of threats to its security. [13]

United States – Certain Measures on Steel and Aluminum Products (DS564)

On August 15, 2018, Turkey requested consultations concerning certain duties that the United States imposed on imports of steel and aluminum products from Turkey. The consultations request alleges that the measures appear to breach various provisions of the GATT 1994 and the *Agreement on Safeguards*. Without prejudice to the U.S. view that the tariffs imposed pursuant to section 232 are issues of national security not susceptible to review or capable of resolution by WTO dispute settlement, and that the consultations provision in the *Agreement on Safeguards* is not applicable, the United States indicated it was willing to enter into consultations. Consultations were held in October 2018. The parties failed to reach a mutually satisfactory resolution to the dispute. At Turkey's request, in November 2018, the WTO established a panel. On December 9, 2022, the panel circulated its final report finding the U.S. measures were

[13] *See id*.

inconsistent with various obligations under the GATT 1994, and that these inconsistencies were not justified under Article XXI(b)(iii) of the GATT 1994.

On January 26, 2023, the United States notified the DSB of its decision to appeal issues of law covered in the panel report. In a statement to the DSB, the United States rejected the panel's erroneous interpretation of Article XXI(b), noting that for over 70 years, the United States has held the clear and unequivocal position that issues of national security cannot be reviewed in WTO dispute settlement, and the WTO has no authority to second-guess the ability of a WTO Member to respond to a wide-range of threats to its security. [14]

United States – Origin Marking Requirement (DS597)

On October 30, 2020, Hong Kong, China, requested consultations concerning certain measures affecting marks of origin with respect to imported goods produced in Hong Kong, China. The consultation request alleges that the measures appear to breach various provisions of the GATT 1994, the *Agreement on Rules of Origin* and the *Agreement on Technical Barriers to Trade*. Consultations took place on November 24, 2020. At the request of Hong Kong, China, the WTO established a panel on February 22, 2021. The United States has invoked Article XXI of the GATT 1994, the essential security exception, explaining to the panel that the dispute concerns issues of essential security not susceptible to review or capable of resolution by WTO dispute settlement. The panel held hearings with the parties in August 2021 and February 2022.

The panel circulated its report on December 21, 2022. The panel concluded that the measures at issue are inconsistent with Article IX:1 of the GATT 1994. The panel found that the measures at issue fail to provide no less favorable treatment to products from Hong Kong, China than products originating from a third country. The panel rejected the U.S. interpretation that Article XXI(b) is self-judging and found that the United States had not demonstrated that the situation at issue with respect to Hong Kong, China, constitutes an "emergency in international relations" such that the marking requirement could be justified under the exception.

On January 26, 2023, the United States notified the DSB of its decision to appeal certain issues of law and legal interpretations covered in the panel report. In a statement to the DSB, the United States rejected the panel's erroneous interpretation of Article XXI(b), noting that for over 70 years, the United States has held the clear and unequivocal position that issues of national security cannot be reviewed in WTO dispute settlement, and the WTO has no authority to second-guess the ability of a WTO Member to respond to a wide-range of threats to its security.[15]

The United States emphasized how the challenged actions with respect to Hong Kong, China were based on well-grounded determinations implicating U.S. essential security interests relating to democracy and human rights. The United States explained to the DSB that it *does* consider

[14] *See id*.

[15] *See id*.

democratic principles and human rights to be critical to its essential security interests.[16] In the DSB statement, the United States explained that we fundamentally disagree with the panel's approach, which suggests a state ought to defer consideration of its essential security interests until after a breakdown in relations.[17] A WTO Member cannot be expected to wait until it is too late to act, or be required to sever relations as a prerequisite for other action it considers necessary. The United States stressed that the WTO does not have the competence or the authority to assess the foreign affairs relationships of a Member. Nor does it have the competence or authority to pass judgment on the value that the United States—and some other WTO Members—place on freedom and human rights, and the actions they take in seeking to secure those values. Accordingly, the United States could not support adoption of this fundamentally flawed and deeply concerning report.

While China and other WTO Members have recently chosen to pursue legal challenges to U.S. national security measures in the WTO, USTR has been clear—and will continue to be clear—that the United States will not cede decision-making over its essential security to WTO panels. The U.S. Government has a responsibility to protect the security of its citizens, which cannot be abridged by the WTO inserting itself into issues of national security. The United States intends to continue raising this fundamental issue until necessary steps are taken to ensure our national security rights remain intact. Since the circulation of the panel report, the United States has continued to raise this dispute at DSB meetings to draw attention to the further acts committed by the governments of the People's Republic of China and Hong Kong, China, that undermine democracy and human rights:

- In January 2023, the United States summarized to the DSB the National Security Law (NSL) developments that the United States conveyed to the DS597 panel.
- In March 2023, the United States reported on the arrest and convictions of individuals.
- In April 2023, the United States informed the DSB of (1) the U.S. Department of State's recertification of its determination that Hong Kong does not warrant the same treatment as prior to 1997; (2) additional arrests of individuals under the NSL; and (3) concerning developments such as requests to Google to manipulate search results for the phrase "Hong Kong national anthem."
- In July 2023, the United States reported on the issuance of the first batch of arrest warrants and bounties issued by the Hong Kong Police Force.
- In October 2023, the United States reported on additional arrests, the sentencing of an individual who imported children's books allegedly depicting Hong Kong authorities

[16] *See id.*

[17] *See id.*

as tyrannical wolves, and noted concerns from the international community regarding the NSL.

- In December 2023, the United States reported on the second batch of arrest warrants and bounties, and the arrest of individuals with links to some of these wanted overseas activists.
- In January 2024, the United States reported on statements from the international community regarding concerns over the NSL.
- March 2024, the United States reported on the sentencing of individuals charged under the NSL and expressed concern over the development of Article 23.
- In April 2024, the United States reported on the passage of Article 23 and comments from the UN High Commission for Human Rights deploring Article 23.
- In June 2024, the United States reported on the arrest and detainment of individuals for public displays commemorating the Tiananmen Square crackdown, and the arrest of individuals under Article 23 for social media posts. The United States also reported proceedings of the trial against the NSL 47.
- In September 2024, the United States reported on the updated business advisory on Hong Kong by the U.S. Government, and the conviction of two former editors of the now-defunct media outlet Stand News. The United States also noted concerns expressed by the Hong Kong Journalist Association of its members and families being subject to harassment and intimidation online and in-person.
- In November 2024, the United States reported on the sentencing of the NSL 47, which ranged from 4 to 10 years of imprisonment.
- In January 2025, the United States reported on the third batch of arrest warrants and bounties, as well as the cancellation of passports of overseas activists.
- In April 2025, the United States reported on the continued extraterritorial application of the NSL, the harassment of targeted individuals overseas, and the silencing of dissent in Hong Kong.

United States – Certain Tax Credits under the Inflation Reduction Act (DS623)

On March 26, 2024, China requested consultations with the United States concerning aspects of five tax credits created or amended by the *Inflation Reduction Act*, P.L. 117-169 (IRA). The consultation request alleges that the measures appear to breach various provisions of the GATT 1994, the *Agreement on Trade-Related Investment Measures*, and the *Agreement on Subsidies and Countervailing Measures*. On April 5, 2024, the United States accepted China's request without prejudice to whether it raises issues of national security not susceptible to review or

capable of resolution by WTO dispute settlement. At China's request, the WTO established a panel on September 23, 2024. The panel proceedings are ongoing.

United States – Additional Tariff Measures on Goods from China (DS633)

On February 4, 2025, China requested consultations concerning certain actions of the United States related to the President's Executive Order 14195 of February 1, 2025, undertaken pursuant to the National Emergencies Act (NEA) and the International Emergency Economic Powers Act (IEEPA). On February 14, the United States accepted China's request without prejudice to the U.S. view that the actions cited by China are issues of national security not susceptible to review or capable of resolution by WTO dispute settlement. On March 4, 2025, China requested additional consultations to include the President's Executive Order 14228 of March 3, which amended Executive Order 14195. On March 14, the United States accepted China's amended request without prejudice to the U.S. view that the actions cited by China are issues of national security not susceptible to review or capable of resolution by WTO dispute settlement.

United States – Additional Import Duties on Goods from Canada (DS634)

On March 4, 2025, Canada requested consultations concerning certain actions of the United States related to the President's Executive Order 14193 of February 1, 2025, as amended, undertaken pursuant to the NEA and IEEPA relating to issues of national security. On March 14, the United States accepted Canada's request without prejudice to the U.S. view that the actions cited by Canada are issues of national security not susceptible to review or capable of resolution by WTO dispute settlement.

United States – Additional Import Duties on Steel and Aluminum Articles from Canada (DS635)

On March 12, 2025, Canada requested consultations concerning tariffs on imports of steel and aluminum articles imposed by the President of the United States pursuant to Section 232 of the Trade Expansion Act of 1962. On March 21, the United States accepted Canada's request without prejudice to the U.S. view that the tariffs imposed pursuant to Section 232 are issues of national security not susceptible to review or capable of resolution by WTO dispute settlement.

United States – Additional Import Duties on Imports of Automobiles and Automobile Parts from Canada (DS637)

On April 3, 2025, Canada requested consultations concerning tariffs on imports of automobiles and auto parts imposed by the President of the United States pursuant to Section 232 of the Trade Expansion Act of 1962. On April 11, the United States accepted Canada's request without prejudice to the U.S. view that the tariffs imposed pursuant to Section 232 are issues of national security not susceptible to review or capable of resolution by WTO dispute settlement.

United States – Universal and Country-Specific Additional Duties on Imports from China (DS638)

On April 4, 2025, China requested consultations with respect to reciprocal tariffs imposed by the President of the United States pursuant to Executive Order 14257 of April 2, 2025, the NEA, and

IEEPA. On April 14, the United States accepted China's request without prejudice to the U.S. view that the actions cited by China are issues of national security not susceptible to review or capable of resolution by WTO dispute settlement, or whether each of the items in China's letter constitutes a "measure" within the meaning of Article 4 of the DSU.

On April 9, 2025, China requested additional consultations with respect to reciprocal tariffs imposed by the President of the United States related to the President's Executive Order 14257 of April 2, 2025, Executive Order 14259 of April 8, 2025, the NEA, and IEEPA. On April 11, 2025, China requested additional consultations with respect to reciprocal tariffs imposed by President's Executive Order 14257 of April 2, 2025, Executive Order 14259 of April 8, 2025, Executive Order 14266 of April 9, 2025, the NEA, and IEEPA. The United States accepted China's additional consultations requests on April 17, 2025, without prejudice to the U.S. view that the actions cited by China are issues of national security not susceptible to review or capable of resolution by WTO dispute settlement.

Defense of U.S. Trade Remedies Laws

For decades, Congress has maintained laws designed to prevent unfair practices such as injuriously dumped or subsidized imports, or harmful surges of imports, from distorting the U.S. market. These laws represent a critical bargain between the U.S. Government and the American people that underpins U.S. trade policy. These laws reflect the core principles and legal rights of the international trading system since its founding in 1947 with the GATT. Article VI of the GATT, in the strongest language possible, states that injurious dumping "is to be condemned." Trade remedies are fundamental to the implementation of the WTO agreements and the prevention of market distortions from unfair trade practices.

Consistent with the strong textual foundation in the GATT and WTO agreements, Title VII of the *Tariff Act of 1930* authorizes the U.S. Department of Commerce (USDOC) to impose antidumping and countervailing duties on imports that are either "dumped" (sold at less than their fair value) or subsidized—if the U.S. International Trade Commission (USITC) finds that such imports cause or threaten material injury to a domestic industry. The antidumping duty (AD) and countervailing duty (CVD) laws are fully consistent with WTO obligations—and, indeed, the WTO agreements specifically provide for such laws. For decades, domestic producers could seek relief under U.S. AD or CVD laws, or both. The USDOC also has the authority to self-initiate such cases if circumstances warrant.

USTR will continue to vigorously enforce U.S. rights to impose antidumping and countervailing duties to counteract injurious dumping or subsidies and defend against actions brought by foreign governments at the WTO. Over the last ten years, a significant share of WTO challenges to U.S. actions were to U.S. trade remedies actions. Foreign governments have challenged U.S. laws and practices in addition to specific trade remedies orders related to specific products and countries.

In this context, USTR's primary objective is to defend the USDOC's ability to apply appropriate antidumping and countervailing duties to combat distortions caused by China's unfair non-market economy system and government subsidies that are injuring U.S. workers and industries, as well as the unfair trade practices of other countries. The international solar, steel, and aluminum markets, for example, have experienced significant oversupply due in large part to production from non-market excess capacity in China and increasingly in other countries as well. This oversupply has caused severe market distortions, including adverse effects on U.S. and global prices, and the displacement of U.S. exports in foreign markets. In addition, trade remedies may assist U.S. workers and industry by counteracting some of the injury caused by unfairly traded imports into the United States from China and other countries. Trade remedies are, therefore, essential tools in combatting market distortions such as non-market excess capacity.

USTR will continue to aggressively defend all WTO and free trade agreement challenges to U.S. antidumping, anti-subsidy, and safeguard actions, including in the context of numerous ongoing disputes, such as:

United States – Countervailing Measures on Certain Pipe and Tube Products (DS523)

On March 8, 2017, Turkey requested consultations challenging U.S. CVD orders on four categories of pipe and tube products from Turkey: oil country tubular goods, welded line pipe, heavy walled rectangular welded carbon steel pipes and tubes, and circular welded carbon steel pipes and tubes. Turkey challenged the USDOC's findings regarding public body, benchmarks, specificity, and facts available, as well as the USITC's "practice" of "cross-cumulation" and its application in the underlying proceedings. On December 18, 2018, the panel found against the United States on public body, specificity, the application of facts available, and cross-cumulation in original investigations, but rejected Turkey's claims regarding benchmarks and cross-cumulation in five-year reviews. The United States appealed the issues of public body, specificity, the application of facts available, and cross-cumulation, and Turkey cross-appealed on the issue of public body. In December 2019, the appellate division communicated its decision to suspend its work on this appeal.

United States – Antidumping Measures on Fish Fillets from Vietnam (DS536)

On January 8, 2018, Vietnam requested consultations concerning antidumping duty measures pertaining to frozen fish fillets from Vietnam. The consultations request alleged claims regarding zeroing, revocation, application of adverse facts available and a government-wide entity rate, and the USDOC's determination pursuant to section 129 of the *Uruguay Round*

Agreements Act. Consultations took place on March 1, 2018. At Vietnam's request, the WTO established a panel in July 2018.

On January 17, 2025, the United States and Vietnam notified the DSB, in accordance with Article 3.6 of the DSU, that the parties had reached a mutually agreed solution to the matter raised in this dispute.

United States – Antidumping and Countervailing Duties on Certain Products and the Use of Facts Available (DS539)

On February 14, 2018, Korea requested WTO dispute settlement consultations regarding the USDOC's use of facts available in certain antidumping and countervailing duty measures against Korea, and certain laws, regulations, and other measures maintained by the United States with respect to the use of facts available in AD and CVD proceedings. The United States and Korea held consultations in March 2018. At Korea's request, the WTO established a panel in May 2018.

The panel circulated its report on January 21, 2021. The panel found that Commerce acted inconsistently with the *Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994* ("AD Agreement") or *Agreement on Subsidies and Countervailing Measures* ("SCM Agreement") in either resorting to facts available or selecting the replacement facts in the eight instances challenged by Korea. With respect to the "as such" claim against an alleged unwritten measure, the panel found that Korea failed to establish that such an unwritten rule even existed. This obviated the panel's need to evaluate whether such a rule (if it did exist) would breach the AD Agreement or SCM Agreement.

On March 19, 2021, the United States notified the DSB of its decision to appeal certain issues of law covered in the panel report.

United States – Safeguard Measure on Imports of Crystalline Silicon Photovoltaic Products (DS562)

In 2019, China requested a panel concerning the United States' application of a safeguard measure on crystalline silicon photovoltaic products, alleging claims under the GATT 1994 and the WTO *Agreement on Safeguards* relating to several procedural and substantive obligations.

The panel circulated its report on September 2, 2021, which rejected all of China's challenges in the dispute. The panel found that the United States established that solar imports had increased as a result of unforeseen developments, established a causal link between increased imports and serious injury to the domestic industry, and appropriately considered other factors besides increased imports that were allegedly causing injury to the domestic industry.

On September 16, 2021, China notified the DSB of its decision to appeal certain issues of law covered in the panel report.

United States – Antidumping and Countervailing Duties on Ripe Olives from Spain (DS577)

In 2019, the EU challenged AD and CVD measures on ripe olives from Spain, alleging claims regarding specificity, subsidy pass-through analysis, the manner in which final subsidy rates were calculated, and injury.

On November 19, 2021, the panel circulated its final report. The panel found that the United States acted inconsistently with the SCM Agreement and GATT 1994 in calculating the final subsidy rate of one respondent, and in relying upon section 771B of the *Tariff Act of 1930* to attribute benefits to downstream agricultural processors. The panel also found that certain factual findings related to USDOC's specificity determination were inconsistent with the SCM Agreement. The panel rejected the EU's other claims concerning specificity and rejected all of the EU's claims concerning the USITC's injury determination. On December 20, 2021, the DSB adopted the panel report.

On July 5, 2022, the United States requested that the USDOC initiate a proceeding under section 129 of the *Uruguay Round Agreements Act* to address the panel's recommendations relating to the CVD investigation. On January 12, 2023, USTR directed the USDOC to implement its Section 129 final determination, and on January 17, 2023, the United States informed the DSB that it had complied with the panel's recommendations.

On May 2, 2023, the EU requested consultations with the United States with respect to the section 129 redetermination concerning the attribution of benefits to downstream agricultural processors under section 771B. Consultations were held on May 24, 2023, but failed to resolve the dispute. At the EU's request, the WTO established a compliance panel on July 31. The panel circulated its final report on February 20, 2024, and found that the USDOC's revised analysis of section 771B failed to implement the relevant DSB recommendations that section 771B is "as such" inconsistent with Article VI:3 of the GATT 1994 and Article 10 of the SCM Agreement. The panel also found that the USDOC's application of section 771B in the section 129 proceeding was inconsistent with Article VI:3 of the GATT 1994 and Article 10 of the SCM Agreement. On March 19, 2024, the DSB adopted the panel report.

On November 14, 2024, the EU submitted a request to the DSB to suspend concessions or other obligations pursuant to Article 22.2 of the DSU. The EU requested that the DSB authorize suspension of concessions or other obligations in the amount of (i) $35 million annually for the "as applied" breach related to the CVD measure on ripe olives from Spain and (ii) in an unspecified amount to be determined by a formula for the "as such" breach related to section 771B. On November 22, 2024, pursuant to Article 22.6 of the DSU, the United States objected to the level of suspension requested by the EU, thus automatically triggering an arbitration proceeding. The parties continue to engage in the arbitration process.

United States – Anti-dumping Measure on Oil Country Tubular Goods from Argentina (DS617)

On May 19, 2023, Argentina requested consultations concerning an antidumping measure pertaining to oil country tubular goods from Argentina, as well as the cross-cumulation statute

(19 U.S.C. § 1677(7)(G)). The consultation request alleges claims regarding initiation and industry support, cumulation of imports, and aspects of the USITC's injury determination. Consultations were held on July 26, 2023.

At Argentina's request, the WTO established a panel on October 26, 2023. The panel held hearings with the parties in July 2024 and November 2024. The panel proceedings are ongoing.

Enforcement Supporting the Strategic Interests of the United States

Enforcement plays a critical role in promoting predictability and leveling the playing field in global markets, including with respect to agricultural trade. USTR will prioritize enforcement efforts that put the American economy, the American worker, and U.S. national security first, for example, by vigorously pursuing the section 301 investigations detailed above. USTR will also continue engagement with WTO committees, which are important instruments supporting United States monitoring and enforcement of certain trade commitments undertaken by Members.

Enforcement Supporting U.S. Agriculture

USTR will continue enforcing our existing agreements to ensure market access for U.S. agricultural products. U.S. enforcement and monitoring efforts cover a broad expanse of activities in support of American agriculture.

Farmers, ranchers, fishers, and food manufacturers are key to the President's America First trade policy, and USTR is fighting to achieve quick, economically meaningful wins for them. In addition to resorting to formal dispute settlement, either at the WTO or through available mechanisms under relevant trade agreements, the United States works to resolve specific trade concerns, reviews and comments on proposed regulations that could unnecessarily impede trade, and advocates for elimination of unwarranted barriers to trade impacting our existing trade agreements.

- On January 17, 2025, Nigeria's Chief Veterinary Officer approved seven veterinary health certificates for the export of U.S. live animals and genetics to Nigeria. This approval opens the Nigerian market to seven U.S. products, including bovine embryos, goat and sheep embryos, and live cattle.

- In February 2025, Pakistan received its first shipment of U.S. soybeans in over two years, reopening the market. Pakistan approved several genetically engineered (GE) soybean products and resumed issuing import licenses for GE soybeans from the United States.

- On February 18, 2025, Ethiopia's National Variety Release Committee (NVRC) approved the commercial release of three GE maize hybrids and a new GE cotton hybrid. These maize varieties are resistant to insects and drought, and can yield up to 60 percent more than conventional maize. This milestone makes Ethiopia the fourth African country to

commercialize biotech maize, alongside South Africa, Nigeria, and Kenya. The rollout of these GE new crop varieties began in April 2025.

- In March 2025, Japan approved a voluntary, pre-export verification program for U.S. almonds, which reduces overly burdensome aflatoxin inspection requirements and streamlines testing for U.S. almond exports to Japan. Under the program, inspection rates for U.S. almond exports will be reduced from 100 percent to fewer than 5 percent of shipments. In 2024, U.S. almond exports to Japan were $216 million.

- On March 12, 2025, Egypt submitted a notification to the WTO removing dairy products from a list of goods subject to halal certification. This exclusion provides U.S. dairy industry the needed certainty and predictability to resume export of product unincumbered by high halal certification fees. Exports of U.S. dairy had fallen 67 percent since Egypt announced its intention to include dairy in its halal scope in September 2021.

- On March 20, 2025, South Africa announced it is lifting export restrictions on U.S. poultry exports from U.S. states that have been declared free from highly pathogenic avian influenza (HPAI). South Africa has also agreed to allow the United States to self-lift future HPAI restrictions. South Africa had delayed the lifting restrictions since October 2023. South Africa's announcement removes a long-standing trade irritant and provides predictability for U.S. poultry exports and follows extensive engagement by USTR. In 2024, U.S. poultry exports to South Africa were $19 million, down 57 percent from 2023 due to these lingering restrictions.

- On March 31, 2025, Vietnam lowered its applied tariffs on an MFN basis for certain agricultural products, including shelled pistachios, certain soymeal products, shelled almonds, fresh apples, frozen chicken thighs, certain cherries, certain corn products, certain ethanol products, and raisins. Total U.S. exports of the impacted products in 2024 was estimated to be $1 billion.

- In April 2025, the EU issued three agricultural biotechnology product approvals for maize. USTR also leads bilateral consultations to press the EU to address delays in its biotech approval process.

- On April 1, 2025, the Government of Israel announced that it will remove all remaining duties on imports of U.S. agricultural goods, including on dairy products, apples, almonds, wine, seafood, and fruit juice. Over the years, the United States has lost market share to Israel's other free trade agreement partners due to better preferential terms these partners received. Israel imported $529 million-worth of agricultural goods in 2024 from the United States, down from $774 million in 2020. Removal of remaining duties would give the United States the best preferential treatment of any of Israel's trading partners.

- On April 7, 2025, Malaysia extended full market access to U.S. sorghum, lifting trade-restrictive certification and fumigation requirements. Malaysia's market presents substantial potential for imports of U.S. sorghum for animal feed.

- In May 2025, after years of engagement from USTR and the U.S. Department of Agriculture (USDA), Costa Rica signed a resolution officially establishing phytosanitary requirements for the importation of table stock potatoes from the United States. Costa Rica's market had been closed to U.S. fresh table stock potatoes since 2013 for non-science-based reasons and despite repeated promises to reopen it. U.S. industry estimates that regaining market access for table stock potatoes could result in U.S. exports of about $5 million annually.

- In May 2025, Costa Rica agreed to put in place a streamlined procedure for registering U.S. dairy facilities to export to Costa Rica. The new process, agreed upon after several years of engagement from USTR and USDA, replaces a much more cumbersome dairy facility questionnaire and lengthy registration process. In 2024, U.S. exports of dairy products to Costa Rica were $60 million. The new process will give U.S. producers better access to Costa Rica's $130 million dairy market.

In 2025, the Administration will continue to improve economic opportunities for U.S. farmers, ranchers, and food manufacturers by expanding market access opportunities in foreign markets through the negotiation of agreements that include provisions intended to eliminate or reduce tariff and nontariff barriers that can hamper market access for U.S. agricultural products. The Administration will seek to include in these agreements enforceable provisions that build on WTO obligations, including provisions to ensure that sanitary and phytosanitary (SPS) measures are science-based, developed through transparent, predictable processes, and implemented in a nondiscriminatory manner. In addition, the section 301 investigation into Brazil's acts, policies, and practices related to, *inter alia*, ethanol market access and illegal deforestation will examine whether Brazil confers unfair advantages to its domestic industries and disadvantages U.S. producers and products.

IP and Forced Technology Transfer

Consistent with USTR's 2025 Special 301 Report, USTR will continue to prioritize enforcement efforts with respect to key countries where IP protection and enforcement have deteriorated or remained at unacceptable levels and where barriers deny fair and equitable market access for Americans who rely on IP protection.

The United States has been closely monitoring China's progress in implementing its commitments under the Phase One Agreement, and China continues to be a major enforcement priority (*see also supra* Section 301 Investigations). In addition, USTR continues to place China on the Priority Watch List and section 306 monitoring remains in effect. China should provide a level playing field for IP protection and enforcement, refrain from requiring or pressuring technology transfer to Chinese companies at all levels of government, further open China's market to foreign investment, and embrace open and market-oriented policies. In 2024, the pace of reforms in China aimed at addressing IP protection and enforcement remained slow. The United States continues to have concerns about implementation of the amended Criminal Law,

Copyright Law, and Patent Law. Concerns remain about longstanding issues, including technology transfer, trade secrets, counterfeiting, online piracy, copyright law, patent and related policies, bad faith trademarks, and geographical indications. China needs to complete the full range of fundamental changes that are required to improve the IP landscape in China.

USTR will also continue to pursue a range of enforcement efforts to address IP protection and enforcement in other countries. Outstanding challenges and trends relate to the trade in counterfeit goods; troubling "indigenous innovation" and forced technology transfer policies that may unfairly disadvantage U.S. right holders in markets abroad; inadequate protection of trade secrets, undisclosed information, and patents; lack of transparency and due process in the protection of geographical indications; and online and broadcast piracy. USTR is committed to addressing these and other priority concerns to foster American innovation and increase economic security for American workers and families.

Environmental Enforcement, including under the United States–Peru Free Trade Agreement

The United States actively monitors the application of best practices and enforces rules relating to environmental protection, including under the USMCA and other free trade agreements (see, *e.g.*, USMCA environmental consultations related to prevention of illegal fishing, protection of the vaquita, and trafficking of totoaba fish), and through the use of section 301 and other mechanisms (see, *e.g.*, Section 301 investigation on Vietnam related to illegally harvested and traded timber and investigation on Brazil related to illegal deforestation).

On September 19, 2024, pursuant to the *United States-Peru Trade Promotion Agreement*'s Annex on Forest Sector Governance ("Forest Annex"), USTR requested that Peru verify the legality of five timber shipments to the United States. In January 2025, Peru provided a preliminary written report with the results of the timber verification. USTR is continuing to analyze the contents of the report and all supporting chain of custody documents. USTR expects to finalize Peru's verification report following a scheduled verification. This is the third such time the United States has made a verification request under the Forest Annex.

Ensuring that TBTs Do Not Create Unnecessary Obstacles to Trade

USTR will continue to address unjustified barriers stemming from technical regulations, standards, and conformity assessment procedures that discriminate against U.S. exports or do not otherwise comply with international commitments.

USTR has intensified engagement with U.S. trading partners and increased monitoring of their practices to address measures that may be inconsistent with international trade agreements to which the United States is a party or that otherwise act as significant barriers to U.S. exports. In the three regularly scheduled WTO Committee on Technical Barriers to Trade (TBT Committee) and associated bilateral meetings, USTR raised over 26 offensive specific trade concerns and responded to two specific trade concerns regarding U.S. technical regulations. Additionally, USTR raised numerous concerns over standards-related measures in direct bilateral engagements

with trading partners. During the reporting period, the United States expressed particular concerns about the following:

- During the WTO TBT Committee meetings, USTR raised concerns about China's proposed cybersecurity and encryption laws, its implementing measures for cosmetics supervision, regulations and administrative measures relating to overseas producers of imported food, and proposed rules for wireless charging equipment.

- During the WTO TBT Committee meetings and within the USMCA framework, USTR raised concerns about Mexico's draft national quality law and electric vehicle charging standards. USTR also raised concerns over Canada's proposed regulations on plastics, cosmetics regulations and French labeling requirements for Québec.

- USTR had additional success in addressing trade barriers in Mexico and Canada. Mexico's proposed standards and burdensome conformity assessment procedures for cheese, milk powder, and yogurt were not put into force and work halted on these draft measures. For the Mexican telecommunications seal, the United States succeeded in ensuring that Mexico will use less burdensome e-labeling. For the Canadian clean fuel regulation (CFR), Canada approved the U.S. application for legislative recognition under the CFR for its land use and biodiversity criteria, which was a significant cost savings for ethanol producers.

- During the WTO TBT Committee meetings and bilateral engagements with the EU, USTR raised concerns about the following issues: a measure to regulate products contributing to deforestation, the regulation on packaging and packaging waste, the EU's upcoming chemical strategy, the EU's maximum residue levels policies for pesticides, a draft regulation regarding wine denominations of origin, a draft regulation on fluorinated greenhouse gases, and a draft measure regulating toy safety. USTR also raised concerns related to the implementation of Ireland's alcohol bill.

- During the WTO TBT Committee meetings and bilateral engagements with India, USTR raised concerns about proposed food safety and alcohol regulations; genetically modified free certificates for food products; proposed requirements for health certificates for certain agricultural products; and proposed in-country conformity assessment procedures for chemicals, telegraph equipment, and medical devices.

- During the WTO TBT Committee meetings and bilateral engagements, USTR raised concerns regarding halal labeling and certification systems in Egypt and Indonesia, including with respect to transparency, the breadth of products covered where no standards exist, and limitations on available conformity assessment bodies to perform the certification requirements.

- During the WTO TBT Committee meetings and bilateral engagements, USTR raised concerns that Colombia's new restrictions on autos and parts imports would create a significant and unnecessary burden on the U.S. automotive industry, and pressed for a resolution to continue to allow products made to U.S. Federal Motor Vehicle Safety Standards to be imported into Colombia without costly and needless restrictions.

The United States has also worked independently and within various fora to implement capacity-building projects that will strengthen the skills of developing countries. The United States has also conducted projects in the Asia-Pacific Economic Cooperation on water quality, digitalization, food safety, and the WTO *Agreement on Technical Barriers to Trade*.