



2026 National Trade Estimate Report on
**FOREIGN TRADE
BARRIERS**

*of the President of the United States
on the Trade Agreements Program*

UNITED STATES TRADE REPRESENTATIVE

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Office of the United States Trade Representative
Ambassador Jamieson L. Greer

LIST OF FREQUENTLY USED ACRONYMS

APHIS	Animal and Plant Health Inspection Service, U.S. Department of Agriculture
ART	Agreement on Reciprocal Trade
CAFTA–DR.....	Dominican Republic–Central America–United States Free Trade Agreement
CBP.....	U.S. Department of Homeland Security Customs and Border Protection
CET	Common External Tariff
DST.....	Digital Services Tax
ECOWAS.....	Economic Community of West African States
EU	European Union
FDA	Food and Drug Administration, U.S. Department of Health and Human Services
FMVSS	U.S. Federal Motor Vehicle Safety Standards
FTA.....	Free Trade Agreement
GATS	WTO General Agreement on Trade in Services
GATT.....	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council
GDPR.....	General Data Protection Regulation
GE	Genetically engineered
GI	Geographical Indication
GPA	WTO Agreement on Government Procurement
HS	Harmonized System
ICT	Information and Communications Technology
IP.....	Intellectual Property
MERCOSUR	Southern Common Market
MFN.....	Most-Favored-Nation
MOU	Memorandum of Understanding
MRL.....	Maximum Residue Limit
NMPPs.....	Non-market policies and practices
OECD.....	Organization for Economic Cooperation and Development
SME	Small and Medium-Sized Enterprise
SPS.....	Sanitary and Phytosanitary
TBT	Technical Barriers to Trade
TFA.....	WTO Trade Facilitation Agreement
TIFA.....	Trade and Investment Framework Agreement
TRQ	Tariff-Rate Quota
UNECE	United Nations Economic Commission for Europe
USDA.....	U.S. Department of Agriculture

USMCA	United States–Mexico–Canada Agreement
USTR	The Office of the United States Trade Representative
VAT	Value-Added Tax
VoIP	Voice over Internet Protocol
WOAH	World Organization for Animal Health
WTO	World Trade Organization

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FOREWORD

SCOPE AND COVERAGE

The 2026 National Trade Estimate Report on Foreign Trade Barriers (NTE) is the 41st report in an annual series that highlights significant foreign barriers to U.S. exports, U.S. foreign direct investment (FDI), and U.S. electronic commerce. This document is a companion piece to the [2025 Annual Report of the President of the United States on the Trade Agreements Program](#) and the President's [2026 Trade Policy Agenda](#), published by the Office of the United States Trade Representative (USTR) on February 28, 2026.

In accordance with Section 181 of the Trade Act of 1974, as amended by Section 303 of the Trade and Tariff Act of 1984 and amended by Section 1304 of the Omnibus Trade and Competitiveness Act of 1988, Section 311 of the Uruguay Round Trade Agreements Act, and Section 1202 of the Internet Tax Freedom Act, USTR is required to submit to the President, the Senate Finance Committee, and appropriate committees in the House of Representatives, an annual report on significant foreign trade barriers. The statute requires an inventory of the most important foreign barriers affecting U.S. exports of goods and services from the previous calendar year, including agricultural commodities and U.S. intellectual property; FDI by U.S. persons, especially if such investment has implications for trade in goods or services; and U.S. electronic commerce. Such an inventory enhances awareness of these trade restrictions, facilitates U.S. negotiations aimed at reducing or eliminating these barriers, and is a valuable tool in enforcing U.S. trade laws and promoting U.S. economic and security interests.

The NTE Report is based upon information compiled within USTR; the U.S. Departments of Agriculture, Commerce, and State; and other U.S. Government agencies. Assessment of this information is supplemented with information provided in response to a [Federal Register notice](#), and by the trade advisory committees.

The NTE Report discusses the largest export markets for the United States, covering more than 60 trading partners. Omission of particular trading partners and barriers does not imply that they are not of concern to the United States.

Trade barriers elude fixed definitions, but may be broadly defined as government laws, regulations, policies, or practices—including non-market policies and practices (NMPPs)—that distort or undermine fair competition. These include measures that protect domestic goods and services from foreign competition, artificially stimulate exports of particular domestic goods and services, or fail to provide adequate and effective protection of intellectual property rights. NMPPs, such as targeting of industrial sectors for dominance, non-market excess capacity, and distorting activities of state-owned or state-sponsored firms, may create economic and national security risks and undermine U.S. competitiveness. The purpose of the NTE Report is to identify barriers the U.S. Government seeks to remove.

The NTE Report classifies foreign trade barriers in 14 categories. These categories cover measures and policies that restrict, prevent, or impede the international exchange of goods and services, U.S. FDI, or U.S. electronic commerce. The categories covered include:

- Import policies (e.g., tariffs and other import charges, quantitative restrictions, import licensing, customs barriers and shortcomings in trade facilitation or customs valuation practices, duty evasion or circumvention, and other market access barriers);

- Technical barriers to trade (*e.g.*, unnecessarily trade restrictive standards, labeling, conformity assessment procedures, or technical regulations for goods, including unnecessary or discriminatory technical regulations or standards for telecommunications products; pursuing unique national standards when international standards already exist to leverage the economic power of the domestic market to promote or compel the adoption of those standards in global markets; pressing other countries to accept a definition of international standards that results in the exclusion of standards developed by U.S.-domiciled standard development organizations; strategies that prevent U.S. or foreign stakeholder involvement in the overall standards development process);
- Sanitary and phytosanitary measures (*e.g.*, measures that unnecessarily restrict trade without furthering safety objectives because they are applied beyond the extent necessary to protect human, animal, or plant life or health, not based on science, or maintained without sufficient scientific evidence);
- Government procurement (*e.g.*, policies that exclude U.S. goods or services, closed bidding, and bidding processes that lack transparency);
- Intellectual property protection (*e.g.*, inadequate patent, copyright, trade secret, and trademark regimes and inadequate enforcement of intellectual property rights);
- Services barriers (*e.g.*, prohibitions or restrictions on foreign participation in the market, discriminatory licensing requirements or regulatory standards, local-presence requirements, and unreasonable restrictions on what services may be offered, discriminatory or burdensome barriers to cross-border data flows, discriminatory practices affecting trade in digital products, restrictions on the provision of Internet-enabled services, and other restrictive technology requirements);
- Investment barriers (*e.g.*, limitations on foreign equity participation and on access to foreign government-funded research and development programs, local content requirements, technology transfer requirements, export performance requirements, and restrictions on repatriation of earnings, capital, fees, and royalties);
- Subsidies, including export subsidies (*e.g.*, export financing on preferential terms and agricultural export subsidies that displace U.S. exports in third country markets) and import substitution subsidies (*e.g.*, subsidies contingent on the purchase or use of domestic rather than imported goods);
- Anticompetitive practices (*e.g.*, government-tolerated anticompetitive conduct of state-owned or private firms that restricts the sale or purchase of U.S. goods or services in the foreign country's markets or abuse of competition laws to inhibit trade, and fairness and due process concerns by companies involved in competition investigatory and enforcement proceedings in the country);
- State-owned enterprises (*e.g.*, actions by state-owned enterprises (SOEs) and by governments with respect to SOEs involved in the manufacture or production of non-agricultural goods or in the supply of services that constitute significant barriers to, or distortions of, U.S. exports of goods and services or U.S. investments, which may negatively affect U.S. firms and workers. These actions include subsidies and non-commercial advantages provided to and from SOEs and practices with respect to SOEs that discriminate against U.S. goods or services, or actions by SOEs that are inconsistent with commercial considerations in the purchase and sale of goods and services);
- Other NMPPs (*e.g.*, adopting and pursuing industrial plans that target specific industries for domination by domestic enterprises; pressuring or otherwise acting to ensure domestic enterprises

purchase domestic-made products over U.S. imported products; creating or maintaining non-market excess capacity particularly in key industrial sectors; directing or allowing regulatory authorities to exercise their authority in a discriminatory manner, including by treating domestic enterprises more favorably; failures to take effective action to address non-market policies and practices of third countries);

- Labor (*e.g.*, significant violations of internationally recognized labor rights or other practices that contribute to the suppression of wages, in cases where these violations or practices influence trade flows or investment decisions in ways that constitute significant barriers to or distortions of U.S. exports of goods and services or U.S. investment which may negatively affect U.S. firms and workers; internationally recognized labor rights include: the right of association; the right to organize and bargain collectively; a prohibition on the use of any form of forced or compulsory labor; a minimum age for the employment of children, and a prohibition on the worst forms of child labor; elimination of discrimination in respect of employment or occupation; and acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health);
- Environment (*e.g.*, concerns with a government's weak or unenforced environmental laws and regulations, significant acts of environmental degradation, illegal harvesting and trade of natural resources—such as timber, fish, wildlife—and other harmful environmental practices that provide a benefit or incentive to producers or investors in that country and encourage environmental arbitrage, or constitute significant barriers to, or distortions of, U.S. exports of goods and services or U.S. investment, which may negatively affect U.S. firms or workers); and
- Other barriers (*e.g.*, barriers or distortions that are not covered in any other category above or that encompass more than one category, such as bribery and corruption, or that affect a single sector).

Pursuant to Section 1377 of the Omnibus Trade and Competitiveness Act of 1988, USTR annually reviews the operation and effectiveness of U.S. telecommunications trade agreements to make a determination on whether any foreign government that is a party to one of those agreements is failing to comply with that government's obligations or is otherwise denying, within the context of a relevant agreement, "mutually advantageous market opportunities" to U.S. telecommunication products or services suppliers. The NTE Report highlights both ongoing and emerging barriers to U.S. telecommunication services and goods exports from the annual review called for in Section 1377.

The prevalence of corruption is a consistent complaint from U.S. firms that trade with or invest in other economies. Corruption takes many forms and affects trade and development in different ways. In many countries and economies, it affects customs practices, licensing decisions, and the award of government procurement contracts. If left unchecked, bribery and corruption can negate market access gained through trade negotiations, frustrate broader reforms and economic stabilization programs, and undermine the foundations of the international trading system. The United States continues to play a leading role in addressing bribery and corruption in international business transactions and has made real progress over the past quarter century building international coalitions to fight bribery and corruption.

The NTE Report includes an inventory of value added taxes (VATs). VATs may, or may not, be structured or administered in a discriminatory manner. The inclusion of a VAT in this report does not necessarily express any view on whether that VAT is a discriminatory foreign trade barrier.

IMPACT OF FOREIGN BARRIERS ON U.S. TRADE

Trade barriers or other trade distorting practices affect U.S. exports to foreign markets, as they effectively impose costs on U.S. exports that are not imposed on goods produced in the importing market. These unfair trade practices undermine U.S. exporters' competitiveness and, in some cases, prevent U.S. goods from entering the foreign market entirely. In theory, estimating the impact of a foreign trade measure on U.S. exports of goods requires knowledge of the (extra) cost the measure imposes on them, as well as knowledge of market conditions in the United States, in the country imposing the measure, and in third countries. In practice, such information often is not available.

Wherever possible, this report presents estimates of the impact on U.S. exports, U.S. FDI, or U.S. electronic commerce of specific foreign trade barriers and other trade distorting practices. Where consultations related to specific foreign practices were proceeding at the time of this report's publication, estimates were excluded in order to avoid prejudice to these consultations.

The estimates included in this report constitute an attempt to quantitatively assess the potential effect of removing certain foreign trade barriers to particular U.S. exports. However, the estimates cannot be used to determine the total effect on U.S. exports, either to the country in which a barrier has been identified, or to the world in general. In other words, the estimates contained in this report cannot be aggregated in order to derive a total estimate of gain in U.S. exports to a given country or the world. To provide further statistical context for the reader, Appendix II reports the most recent U.S. Government statistical data on U.S. bilateral trade in goods, U.S. bilateral trade in services, and U.S. bilateral FDI in rank order.

Where sufficient data exist, an approximate impact of tariffs on U.S. exports can be derived by obtaining estimates of supply and demand price elasticities in the importing country and in the United States. Typically, the U.S. share of imports is assumed constant. When no calculated price elasticities are available, reasonable postulated values are used. The resulting estimate of lost U.S. exports is approximate, depends on the assumed elasticities, and does not necessarily reflect changes in trade patterns with third countries. Similar procedures are followed to estimate the impact of subsidies that displace U.S. exports in third country markets.

In some cases, stakeholder valuations estimating the financial effects of barriers are contained in this report. The methods for computing these valuations are sometimes uncertain. Hence, their inclusion in the NTE Report should not be construed as a U.S. Government endorsement of the estimates they reflect.

MEASURES TAKEN TO ADDRESS BARRIERS

When announcing the reciprocal tariff program on April 2, 2025, President Trump held up the NTE Report and directed his Administration to confront the imbalances at the heart of the global trading system. In response, dozens of trading partners negotiated Agreements on Reciprocal Trade (ARTs) with the United States to address U.S. concerns. Since then, USTR has signed ARTs with Argentina, Bangladesh, Cambodia, Ecuador, El Salvador, Guatemala, Indonesia, Malaysia, and Taiwan and announced framework deals with the European Union, India, Japan, Korea, North Macedonia, Switzerland and Liechtenstein, Thailand, and Vietnam. During 2025, USTR was actively negotiating to upgrade the framework deals into legally-binding and fully enforceable agreements that require: (1) a trading partner to significantly lower its tariffs and non-tariff barriers to U.S. exports and (2) that the United States maintain a modified tariff on the trading partner (*i.e.*, a supplemental tariff higher than the Most-Favored-Nation rate). This aimed to help achieve balance by increasing exports of U.S. agricultural and industrial goods while reducing import dependencies.

Where appropriate, the NTE Report reflects measures and commitments undertaken by trading partners to address identified barriers, as well as formal engagements relating to the barriers made pursuant to trade and investment facilitation agreements (TIFAs), free trade agreements (FTAs), ARTs, or other mechanisms. In particular, this NTE Report includes illustrative detailed descriptions of ART provisions that address identified barriers across each trading partner with a signed ART. Omission in this NTE Report of particular commitments or barriers that are addressed in the ARTs does not imply that they are not of concern to the United States.

March 2026

ALGERIA

TRADE SUMMARY

The U.S. goods trade deficit with Algeria was \$969.4 million in 2025, a 33 percent decrease (\$478.4 million) over 2024. U.S. goods exports to Algeria totaled \$1.3 billion in 2025, up 25.2 percent (\$255.6 million) from 2024. U.S. goods imports from Algeria totaled \$2.2 billion in 2025, down 9.1 percent (\$222.8 million) from 2024. Total U.S. goods trade (exports plus imports) with Algeria was an estimated \$3.5 billion in 2025. Algeria was the 81st largest U.S. goods export market in 2025.

The U.S. services trade surplus with Algeria was \$192 million in 2024 (latest data available), a 9.7 percent increase (\$17 million) over 2023. U.S. services exports to Algeria totaled \$330 million in 2024 (latest data available) up 27.9 percent (\$72 million) from 2023. U.S. services imports from Algeria totaled \$138 million in 2024 (latest data available) up 66.3 percent (\$55 million) from 2023. Total U.S. services trade with Algeria was an estimated \$468 million in 2024 (latest data available). Algeria was the 107th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Algeria Trade and Investment Framework Agreement

The United States and Algeria signed a Trade and Investment Framework Agreement (TIFA) on July 13, 2001. The TIFA is the primary mechanism for discussions of trade and investment issues between the United States and Algeria.

IMPORT POLICIES

Tariffs

Algeria is not a Member of the World Trade Organization (WTO) and therefore has no bound tariff rate. Algeria is a WTO Observer.

Algeria's average Most-Favored-Nation (MFN) applied tariff rate was 18.9 percent in 2022 (latest data available). Algeria's average MFN applied tariff rate was 23.7 percent for agricultural products and 18.1 percent for nonagricultural products in 2022 (latest data available).

Goods facing the highest rates are those for which equivalents are manufactured in Algeria. Citing the need to encourage local production and ease pressure on the country's foreign exchange reserves, Algeria implemented temporary additional safeguard duties, in April 2019, of 30 percent to 200 percent on a list of more than 1,000 manufactured and agricultural goods, with the 200 percent rate applied to 10 tariff lines covering cement products under the Harmonized System heading 25.23. The items in Algeria's customs code that remain duty free are generally European Union-origin goods that are used in manufacturing and are exempt from tariffs under the 2006 European Union–Algeria Association Agreement.

Taxes

Value-Added Taxes

Algeria applies a standard value-added tax (VAT) rate of 19 percent to most goods and services but applies a reduced rate of 9 percent to essential foodstuffs and medical supplies. The VAT applies to all goods and services entering Algeria. There are exemptions for goods and services related to the petrochemical industry and cultural activities.

Non-Tariff Barriers

Quantitative Restrictions

In November 2022, Algeria released a new Book of Specifications concerning the automotive industry (covering automobiles, buses, trucks, construction equipment, and motorcycles) that eliminates previous import quotas but requires import authorization. Because of customs duties, the difference in the foreign exchange rate for government-approved imports and open market purchases, the VAT and other taxes, vehicles cost more than double the market rate when purchased by individuals overseas and imported into Algeria. Algeria has authorized 38 domestic automobile companies to import vehicles under the 2022 regime. A provision in the October 2022 Complementary Finance Law permits those residing in Algeria to import used cars that are no more than three years old.

In 2020, Algeria established a maximum annual import volume of 4 million metric tons of bread (common) wheat. The Algerian president announced in August 2021 that the Office Algerien Interprofessionnel des Cereales (OAIC) state grains agency would be the country's exclusive wheat importer to counteract alleged "illicit practices" by private importers. In practice, the OAIC was already the sole buyer of wheat, reselling the commodity on the domestic market at subsidized prices. As of December 31, 2025, the OAIC is the exclusive importer of goods covered by 22 tariff subheadings, including various types of peas, chickpeas, beans, lentils, fava beans, and other dried legumes.

Import Bans/Restrictions

Since January 2009, Algeria's Ministry of Health has restricted the importation of a number of generic pharmaceutical products and medical devices. Since 2007, Algeria has banned the importation of used medical equipment unless the government grants a special exception. Algeria has applied the regulation broadly to block the reimportation of machinery sent abroad for maintenance under warranty, even for equipment owned by state-run hospitals.

Algeria bans the importation of most types of used machinery, except for refurbished assembly line equipment used in domestic industries. A July 22, 2024, executive decree established a framework for importing refurbished production lines; the decree permits the importation of industrial equipment no more than five years from the date of manufacture and agriculture equipment no more than seven years old.

In February 2021, the Ministry of Commerce issued a schedule establishing a seasonal ban for individual agricultural products. The schedule adjusted a year-round restriction on almond imports to a seasonal ban covering June through August. Since October 2021, Algeria has restricted the importation of additional products for which there is minimal demand and for agricultural products not elsewhere specified or indicated in Algeria's tariff schedule. Algeria justified these decisions as necessary to reduce the country's import bill and to combat fraud.

In August 2021, the Ministry of Finance instructed banks to suspend the processing of accounts for importers of products intended for resale starting at the end of October 2021, unless importers complied with a March 2021 decree requiring them to update their import registration to include only one category of product per company. The Ministry of Finance subsequently communicated implementation instructions to the Ministry of Commerce's National Center of Commerce Registry (CNRC) but not to importers themselves. Importers must approach the CNRC individually to seek guidance regarding their particular situation rather than rely on publicly available information.

On April 14, 2025, the Algerian President announced the dissolution of the National Agency for Export Promotion and plans to replace it with two new agencies: an Algerian import authority tasked with monitoring imports, implementing anti-fraud measures, and assessing market needs; and an export promotion agency, focused on boosting non-hydrocarbon exports. While the establishment of the two new agencies has been authorized by government decree, as of December 31, 2025, the two new agencies were not yet operational.

On July 10, 2025, the Algerian Ministry of Foreign Trade and Export Promotion mandated that both public and private importers, including those importing for their own operational needs or equipment, submit a provisional import program—a six-month import forecast schedule—for the second half of 2025, restricting imports to the submitted forecast. Unscheduled imports require minister-level approval. The Algerian Government extended its import forecast requirement through the first half of 2026.

Customs Barriers and Trade Facilitation

Many companies continue to face problems clearing goods through Algerian customs. Delays can take weeks or months, in many cases without explanation. In addition to a certificate of origin, the Algerian Government requires all importers to provide certificates of conformity and quality from an independent third party. Algerian customs requires that shipping documents be stamped with a "Visa Fraud" note from the Ministry of Commerce, indicating that the goods passed a fraud inspection before they are cleared. Many importations also require authorizations from multiple ministries, which frequently cause additional delays, especially when the regulations do not clearly specify which ministry's authority is being exercised.

SANITARY AND PHYTOSANITARY BARRIERS

Algeria bans the production, importation, distribution, or sale of seeds that are the products of biotechnology. Biotechnology seeds imported for research purposes are excepted.

Algeria maintains animal health certificate requirements for animals and animal products, dairy and dairy products, and processed products of animal origin. The U.S. Department of Agriculture (USDA) Animal and Plant Health Inspection Service and the Algerian Ministry of Agriculture and Rural Development Services concluded a certificate, on November 15, 2024, for dairy breeding cattle and in September 2023, a certificate for U.S. bovine semen. However, challenges with the recognition and approval of other pending certificates remain, including live sheep and goats, ovine and caprine semen and embryos, fattening cattle, and aquatics. In 2021 and again in 2023, the USDA Food Safety and Inspection Service submitted a letter requesting that Algeria accept the USDA 9060-5 export certificate for U.S. meat and poultry products. As of December 31, 2025, the Algerian Ministry of Agriculture and Rural Development Services had not provided a response.

To participate in the Algerian market, exporters are required by the Ministry of Agriculture Veterinary Services (DSV) to provide the government with a Certificate of Conformity (COC) as part of their import checks with Algerian customs authorities. Obtaining a COC can be an expensive investment, due to the

multi-step process involves obtaining a COC completed by a third party who has visited the production location, assessed the product, and also conducted Certificate of Analysis (COA) testing.

GOVERNMENT PROCUREMENT

Since 2015, all ministries and state-owned enterprises (SOEs) have been required to purchase domestically manufactured products whenever available. Procurement of foreign goods is permitted only with special ministerial authorization and if a locally made product cannot be identified. Algeria requires approval from the Council of Ministers for expenditures in foreign currency that exceed DZD 10 billion (approximately \$755 million).

Algeria is not a Member of the WTO and, therefore, is neither a Party to the WTO Agreement on Government Procurement (GPA) nor an observer to the WTO Committee on Government Procurement.

INTELLECTUAL PROPERTY PROTECTION

Algeria remained on the Watch List in the [2025 Special 301 Report](#). Algeria has taken some positive steps to improve intellectual property (IP) protection and enforcement, including through the establishment of a national inter-ministerial committee that will review Algeria's regulatory framework for IP and recommend updates. However, concerns remain, including the lack of an effective mechanism for early resolution of potential pharmaceutical patent disputes, inadequate judicial remedies in cases of patent infringement, the lack of administrative opposition in Algeria's trademark system, and the need to increase enforcement efforts against counterfeiting and piracy. In addition, there is a lack of clarity about whether Algeria's system protects against the unfair commercial use or unauthorized disclosure of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products.

SERVICES BARRIERS

Other Digitally-Enabled Services and Digital Products

Algeria imposes a maximum value per transaction of DZD 100,000 (approximately \$760) on citizens when using international credit cards to purchase goods from outside the country. In addition, Algerian foreign exchange regulations prohibit the use of online payment processors to transfer money from one account to another.

In May 2018, Algeria enacted a law requiring electronic commerce platforms conducting business in Algeria to register with the government and to host their websites from a data center located in Algeria. Such localization requirements impose unnecessary costs on service suppliers by requiring redundant storage systems. Such requirements are disproportionately burdensome for small firms.

Cross-Border Transfers of Personal Data

Algeria's Law No. 18-07 on the Protection of Individuals in the Processing of Personal Data (as amended by Law No. 25-11) impose significant restrictions on cross-border data transfers that disadvantage U.S. companies without meaningfully enhancing privacy. Law 18-07 generally prohibits the transfer of personal data to a foreign jurisdiction unless the National Authority for the Protection of Personal Data (ANPDP) has provided authorization, following an assessment finding that the jurisdiction provides an adequate level of protection for fundamental rights and freedoms. As transfers to the United States have not been broadly authorized by the ANPDP, U.S. companies must use the exceptions for foreign transfers provided for in Law 18-07, such as relying on the explicit, informed consent of each data subject for every specific transfer.

Law 18-07 does not allow for all varieties of pre-approved transfer mechanisms, such as Standard Contractual Clauses, thereby limiting the toolbox available to companies for facilitating cross-border commercial transfers of personal data.

INVESTMENT BARRIERS

In 2020, Algeria eliminated the so-called “51/49” rule that required majority Algerian ownership of all new businesses, though the government retained the requirement for certain sectors such as energy, mining, defense, transportation, infrastructure, and pharmaceuticals manufacturing. For all other sectors, foreign investors may own a majority stake in an Algerian business, although additional sector-specific restrictions may limit foreign ownership to less than 100 percent. In its 2021 Finance Law, Algeria reinstated the 51/49 ownership requirement for any company importing items into Algeria with an intent to resell. U.S. companies report that the 51/49 rule creates concerns related to their IP rights and financial control of their local ventures.

The 2022 Book of Specifications for the automotive industry removed the mandate that automotive importers must be 100 percent Algerian-owned. However, importers of vehicles for resale must work through Algerian companies.

STATE-OWNED ENTERPRISES

State-Owned Enterprises (SOEs) comprise about two-thirds of the Algerian economy by market value, and their procurements amount to 20 percent of gross domestic product. The national oil and gas company, Sonatrach, is the most prominent SOE, but SOEs are present in all sectors of the economy. SOEs leverage their position in the market to gain advantage over privately owned competitors. For example, state-owned telecommunications provider Algeria Telecom holds a monopoly over all undersea data cable traffic in and out of Algeria, offering services at a considerable advantage over private companies operating in the telecommunications sector. SOEs also have monopolies on activities such as the supply of electricity and water and the purchase and import of cereals and pulses. Several SOEs receive regular government financial assistance, partly due to non-market activities such as selling products and services at below cost-recovery levels.

OTHER NON-MARKET POLICIES AND PRACTICES

Algeria does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Algerian markets from distortions and ensure a fair and secure trading relationship. Algeria has not entered into an Agreement on Reciprocal Trade that includes commitments to address distortions caused by such NMPPs. Algeria does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Algeria’s law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. Algeria does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Algeria’s market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Algeria an unfair advantage.

ANGOLA

TRADE SUMMARY

The U.S. goods trade balance with Angola shifted from a goods trade deficit of \$1.2 billion in 2024 to a goods trade surplus of \$306.7 million in 2025. U.S. goods exports to Angola totaled \$1.2 billion in 2025, up 72.6 percent (\$495.4 million) from 2024. U.S. goods imports from Angola totaled \$871.1 million in 2025, down 53.4 percent (\$998.1 million) from 2024. Total U.S. goods trade (exports plus imports) with Angola was an estimated \$2.0 billion in 2025. Angola was the 83rd largest U.S. goods export market in 2025.

The U.S. services trade surplus with Angola was \$498 million in 2024 (latest data available), a 150.3 percent increase (\$299 million) over 2023. U.S. services exports to Angola totaled \$570 million in 2024 (latest data available) up 133.6 percent (\$326 million) from 2023. U.S. services imports from Angola totaled \$72 million in 2024 (latest data available) up 60 percent (\$27 million) from 2023. Total U.S. services trade with Angola was an estimated \$642 million in 2024 (latest data available). Angola was the 87th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Angola Trade and Investment Framework Agreement

The United States and Angola signed a Trade and Investment Framework Agreement (TIFA) on May 19, 2009. The TIFA is the primary mechanism for discussions of trade and investment issues between the United States and Angola.

IMPORT POLICIES

Tariffs

Angola's average Most-Favored-Nation (MFN) applied tariff rate for all products was 11 percent in 2023 (latest data available). Angola's average MFN applied tariff rate was 21.5 percent for agricultural products and 9.3 percent for non-agricultural products in 2023 (latest data available). Angola has bound 100 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 59.1 percent, and average bound rates of 52.7 percent for agricultural products and 60.1 percent for non-agricultural products.

In response to the COVID-19 pandemic, the General Tax Administration of Angola allowed all medicines and biosafety material to be imported duty free, as of March 27, 2020.

In January 2024, Presidential Decree No. 1/24 outlined a revision of Angola's customs tariffs to support Angola's domestic production. The change in tariff rates applied to most products. The revised tariff schedule increased tariffs on many staple foods including milk (from 10 percent to 40 percent), rice (from duty-free to 20 percent), wheat flour (from 20 percent to 50 percent), vegetable oil (from 10 percent to 40 percent), palm oil (from 10 percent to 40 percent), and cane sugar (from 10 percent to 30 percent). Poultry and offal products, the United States' leading agricultural export to Angola, were assessed with a tariff rate of 10 percent

Angola's 2025 Budget Law, approved in November 2024, introduced specific tariff adjustments, notably reducing tariffs on cotton fabrics (30 percent to 20 percent) and imposing a 30 percent tariff on small rice packages (under 10 kg).

Taxes

Value-Added Taxes

Angola applies a standard value-added tax (VAT) rate of 14 percent to most goods and services, including imports from the United States. Angola introduced a new VAT regime in 2021 applicable to non-manufacturing taxpayers whose annual turnover is AOA 350 million (approximately \$544,000) or less that reduces the VAT to 7 percent. Angola's 2025 Budget Law reduced the VAT for domestic manufacturers of industrial equipment from 14 percent to 5 percent. Corporate taxpayers can be reimbursed for the VAT on the purchase of goods and services, including imports.

Non-Tariff Barriers

Import Bans/Restrictions

On October 30, 2023, Angola issued Presidential Decree No. 213/23, which focuses on restricting imports primarily of agricultural products. The decree also specifies that import authorization is conditioned on demonstrating that importers have attempted to enter into contracts with Angolan suppliers prior to importing products. The decree replaced and expanded the scope of products covered by Presidential Decree No. 23/29 from 2019. The United States continues to raise this issue with Angola bilaterally and in the WTO Committee on Market Access, the WTO Committee on Import Licensing, and the WTO Committee on Agriculture.

Additionally, on April 1, 2024, Presidential Decree No. 1/24 prohibited the importation of numerous products based on factors including "environmental, moral, safety, protection of health and human life, animal and plant health, industrial, commercial, artistic, or historical and archaeological heritage." The list of prohibited items included numerous offal products of beef, poultry, pork, and other animals.

Import Licensing

Furthermore, the Ministry of Agriculture and Forestry has not been transparent in the issuance of import licenses and frequently suspends issuance of import licenses for poultry and offal products that were not included in the schedule of prohibited products. In 2025, Angola announced the suspension of import licenses for a variety of animal products, affecting nearly 99 percent of U.S. agricultural exports to Angola. Following interventions from the U.S. Government, issuance of import licenses for chicken leg quarters and whole chickens resumed. However, other poultry products, such as drumsticks, wings, and breasts, continue to be denied import permits.

On April 12, 2024, Order No. 035/2024 authorized the opening of the Dynamic Electronic Procedure for Licensing Rice Imports and launched a public tender for rice imports; nine companies were selected. However, the government did not appear to use public funds for a purchase; instead, it used this method to provide discretionary import licenses to specific authorized importers to purchase set amounts while withholding import licenses from all companies that had not been selected under the public tender.

Customs Barriers

Angola has not notified its customs valuation legislation to the WTO and has not yet responded to the Checklist of Issues describing how the WTO Customs Valuation Agreement is being implemented.

SANITARY AND PHYTOSANITARY BARRIERS

Angola does not maintain an effective risk management program for veterinary and sanitary control purposes. Therefore, consignments of imports classified in Chapters 2 to 23 of the Harmonized System (including animal and vegetable products and foodstuffs) must be laboratory tested prior to importation into Angola and be accompanied by a health certificate.

Agricultural Biotechnology

In December 2024, Angola's Council of Ministers approved Decree No. 92/04 which prohibits the use of agricultural biotechnology in cultivation and limits imports containing genetically engineered (GE) components to food aid and scientific research. Even though the importation of GE food is permitted when it is provided as food aid, the product must be milled before it arrives in Angola. The Ministry of Agriculture and Forestry allows biotechnology imports for scientific research, subject to regulation and controls. Angola also prohibits the importation of viable GE grain or seed for cultivation. Additionally, the Ministry of Agriculture and Forestry requires importers to present documentation certifying that their goods do not include GE products.

On July 16, 2024, the Government of Angola issued Presidential Decree No. 158/24, creating a Genetically Modified Seed Committee with the aim of establishing a national biosafety system with standards and inspection mechanisms to monitor and authorize the importation, cultivation, transit, investigation, and release of GE seeds. The inter-ministerial committee is coordinated by the Minister of Agriculture and Forests and comprised the Minister of Health, the Minister of Higher Education, Science, Technology and Innovation, the Minister of Environment, and the Minister of Industry and Commerce.

GOVERNMENT PROCUREMENT

Despite revisions to increase transparency in the Public Procurement Law that entered into force on January 22, 2021, simplified contracting or direct awards have continued to be the primary mechanism for public procurement transactions. Civil society and businesses noted that the government's continued regular use of direct public contract awards through tenders by pre-qualification, closed bidding, or simplified contracting for a regular and select few companies without the use of public tenders in various sectors was detrimental to competition for foreign companies. In some instances, companies reported a lack of clarity in certain tender processes.

Angola is neither a Party to the WTO Agreement on Government Procurement (GPA) nor an observer to the WTO Committee on Government Procurement.

OTHER NON-MARKET POLICIES AND PRACTICES

Angola does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Angolan markets from distortions and ensure a fair and secure trading relationship. Angola has not entered into an Agreement on Reciprocal Trade that includes commitments to address distortions caused by such NMPPs. Angola does not participate in the Global Forum on Steel Excess

Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Angola's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. Angola does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Angola's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Angola an unfair advantage.

OTHER BARRIERS

Bribery and Corruption

Levels of corruption and bribery have declined, but corruption remained prevalent in Angola due to a lack of uniform implementation of anticorruption laws and an inadequately trained civil service, among other reasons.

The Criminal Law and Criminal Procedure Codes (Law No. 38/20 and Law No. 39/20) on bribery and corruption entered into force on February 9, 2021. Notable changes include corporate criminal liability, harsh penalties for corruption of public officials, criminalization of private corruption, and provisions for seizure of proceeds of a crime, among others. The law also contains provisions that criminalize bribery of national and foreign public officials; seek an appropriate balance between immunities and the ability to effectively investigate, prosecute, and adjudicate offences; enhance cooperation within local law enforcement authorities; and designate a central anticorruption authority.

Enforcement of anticorruption laws remained inadequate. The United States and the international community have engaged in anticorruption initiatives to help Angola attain its anticorruption objectives. The U.S. Department of Treasury has provided technical assistance to the Angola Central Bank (BNA) to increase capacity to combat money laundering and terrorist financing.

Foreign Exchange

Angola's dependence on oil and gas production means that activity in the sector heavily influences the availability of foreign exchange. Foreign exchange availability has improved in major economic sectors but remained inadequate for individuals and small and medium-sized businesses as a result of limited liquidity, which created delays and obstacles for the importation of goods and payment of services. The BNA issued Notice 3/2023 on March 1, 2023, stipulating that individual Angolans may transfer up to \$250,000 abroad each year.

On December 28, 2023, the Angolan Government reintroduced the Special Contribution for Foreign Exchange Operations (CEOC), targeting transfers in foreign currency outside of Angola, as part of the 2024 budget law. This levy came into effect on January 1, 2024, and applied to transactions such as technical assistance, service provision, consultancy, management, or unilateral transactions, with rates that were set at 2.5 percent for individuals and 10 percent for legal entities. Exemptions from the CEOC included payments for health and education expenses (if paid directly to the institutions' bank accounts), transfers of dividends, and repayments of loan capital and associated interest. The CEOC aimed to regulate foreign

exchange operations more tightly, ensuring a fair contribution from transactions impacting Angola's financial reserves.

The Angolan currency depreciated by approximately 9 percent against the U.S. dollar in 2024 and remained stable throughout 2025.

Business Licensing

Law No. 26/21 of October 2021 transferred the authority to license business activity from provincial governments and municipal administrations to the Angolan President. The law also expanded business licensing eligibility. Commercial stakeholders have expressed concern that the transfer of authority could create dependence on higher governmental powers to authorize commercial activity.

Export Restrictions

Angola's restrictions and controls on exporting raw materials focus on promoting local processing (value addition), particularly for minerals, timber, and agricultural products, using tools like export taxes, bans, or licenses for specific items, and encouraging processing before export to avoid penalties. Although there is not a total ban placed on all raw materials, policies are aimed at shifting from raw material extraction to industrial transformation, limiting unprocessed exports like ores, minerals, and certain timber products.

ARAB LEAGUE

The 22 Arab League members are the Palestinian Authority and the following countries: Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, the United Arab Emirates, and Yemen. The effect of the Arab League's boycott of Israeli companies and Israeli-made goods (originally implemented in 1948) on U.S. trade and investment in the Middle East and North Africa varies from country to country. Efforts by various Arab League members to enforce the boycott have had a limited practical effect overall on U.S. trade and investment ties with many key Arab League countries.

The U.S. Departments of Commerce and Treasury and the Office of the United States Trade Representative monitor boycott policies and practices of Arab League members, aided by U.S. embassies, these efforts lend advocacy support to firms facing boycott-related pressures. On July 31, 2025, the U.S. Department of Treasury published the list of countries which require or may require participation in, or cooperation with, an international boycott (within the meaning of Tax Reform Act, 26 U.S.C. § 999(b)(3) (1986). The list included Iraq, Kuwait, Lebanon, Libya, Qatar, Saudi Arabia, Syria, and Yemen.

Arab League members that implement boycotts that pose a potential barrier to the United States include:

IRAQ: As a matter of policy, Iraq does not adhere to the Arab League boycott. Most Iraqi ministries and state-owned enterprises have agreed not to comply with or have rescinded regulations enforcing the boycott, following a 2009 Council of Ministers decision to cease boycott-related implementation practices. However, individual Iraqi Government officials and ministries continue to violate that policy. The Ministry of Health's procurement arm (Kimadia) was among the government entities that continue to issue boycott-related requests.

QATAR: Qatar has a boycott law, but the extent to which the government enforces it is unclear. Although Qatar renounced implementation of the boycott of U.S. firms that do business in Israel (the secondary and tertiary boycott) in 1994, U.S. firms and their subsidiaries continue to report receiving boycott-related requests from public Qatari companies. In those instances, U.S. companies have made efforts to substitute alternative language.

SYRIA: Traditionally, Syria was diligent in implementing laws to enforce the Arab League boycott. The country maintained its own boycott-related blacklist of firms, separate from the Arab League's Central Boycott Office, located in Damascus, Syria.

YEMEN: Although Yemen renounced observance of the secondary and tertiary aspects of the boycott in 1995, in the years since, Yemen has continued to enforce the primary boycott and certain aspects of the secondary and tertiary boycotts. Ongoing political turmoil in the country has made it impossible to ascertain current official Yemeni stance toward the boycott.

ARGENTINA

TRADE SUMMARY

The U.S. goods trade surplus with Argentina was \$1.6 billion in 2025, a 19.3 percent decrease (\$385.9 million) over 2024. U.S. goods exports to Argentina totaled \$9.9 billion in 2025, up 8.9 percent (\$805.9 million) from 2024. U.S. goods imports from Argentina totaled \$8.3 billion in 2025, up 16.8 percent (\$1.2 billion) from 2024. Total U.S. goods trade (exports plus imports) with Argentina was an estimated \$18.2 billion in 2025. Argentina was the 36th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Argentina was \$5.9 billion in 2025, a 24.1 percent increase (\$1.2 billion) over 2024. U.S. services exports to Argentina totaled \$8.8 billion in 2025, up 19.3 percent (\$1.4 billion) from 2024. U.S. services imports from Argentina totaled \$2.9 billion in 2025, up 10.5 percent (\$273 million) from 2024. Total U.S. services trade with Argentina was an estimated \$11.7 billion in 2025. Argentina was the 30th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Argentina Trade and Investment Framework Agreement

The United States and Argentina signed a Trade and Investment Framework Agreement (TIFA) on March 23, 2016. The TIFA is the primary mechanism for discussions of trade and investment issues between the United States and Argentina.

The United States–Argentina Agreement on Reciprocal Trade and Investment

On February 5, 2026, the United States and Argentina signed the United States–Argentina Agreement on Reciprocal Trade and Investment (ARTI). The ARTI will enter into force following approval from Argentina’s Congress. This NTE Chapter includes an illustrative set of the ARTI provisions that address identified barriers. The United States will closely monitor Argentina’s implementation of the ARTI.

IMPORT POLICIES

Tariffs

Argentina’s average Most-Favored-Nation (MFN) applied tariff rate was 12.5 percent in 2024 (latest data available). Argentina’s average MFN applied tariff rate was 9.5 percent for agricultural products and 13.0 percent for non-agricultural products in 2024 (latest data available). Argentina has bound 100 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 31.8 percent. In 2025, Argentina lowered tariffs on 978 tariff lines, concentrated in textiles and footwear, capital machinery, toys, and telecommunications technology.

Argentina is a founding member of the Southern Common Market (MERCOSUR), formed in 1991, which also comprises Brazil, Bolivia (which is still in the process of incorporating MERCOSUR’s regulations), Paraguay, and Uruguay. MERCOSUR’s Common External Tariff (CET) ranges from zero percent to 35.0 percent *ad valorem*. Any good imported into Argentina (not including free trade zones) is subject to the payment of the CET to Argentina’s customs authority. If the product is then re-exported to another MERCOSUR country, the CET must be paid again to the second country. MERCOSUR approved a Common Customs Code (CCC) in 2010 and launched a plan to eliminate the double application of the CET

within MERCOSUR in 2021. However, only Argentina has ratified the CCC, therefore it has not yet taken effect.

Under the ARTI, Argentina agreed to tariff preferences for key U.S. goods, including medicines, chemicals, machinery, information technologies products, medical devices, motor vehicles, and a wide range of agricultural products.

Taxes

Statistical Tax

Argentina continues to apply a statistical tax, now 3 percent, on goods imported for consumption. The tax is authorized through 2027, although the government has agreed to phase it out for U.S. goods under the ARTI.

Value-Added Taxes

Argentina applies a standard value-added tax (VAT) rate of 21 percent to most goods and services, including U.S. exports to Argentina. Argentina rebates the VAT on exports, including exports to the United States.

A reduced VAT rate of 10.5 percent applies to specified categories, including certain basic food products, medical supplies, construction activities, long-distance passenger transport, capital goods, and printed newspapers and magazines, while a 27 percent rate applies to certain utility services, such as telecommunications and non-domestic electricity, gas, and water.

Argentina's tax collection processes burden imports by effectively requiring advance payment of income taxes. When goods are imported, Argentina collects a percentage of the value of imports as income tax withholding to be applied to the importer's income taxes. In particular, an advance VAT, ranging from 10 percent to 20 percent, is paid by the importer, unless the goods are for personal use. In addition, the importer is responsible for an income tax withholding of 6 percent to 11 percent of the value of the imported goods. Imports of consumer goods also have an additional advance VAT rate of 20 percent, and imports of capital goods have an additional 10 percent. Although some of these taxes are reconciled after importation, lengthy delays in practice leave many companies with chronically unpaid tax refunds. In Argentina's inflationary environment, this advance payment system disproportionately burdens imports. Since 2022, the Argentine Government has required additional information to request the standard reimbursement of VAT taxes after export, which has introduced additional delays to the process, elevating costs and uncertainty for trade operations.

Under the ARTI, Argentina has agreed to refrain from imposing any VAT that discriminates against U.S. companies.

Non-Tariff Barriers

Import Bans/Restrictions

On April 16, 2025, the Argentine Government enacted Decree 273/2025, which removed import bans on specific categories of used capital goods, including certain machinery and mechanical equipment, electrical and electronic equipment, transportation equipment (excluding motor vehicles and parts), printing and molding machines, cryptocurrency validation machines, and optical and measuring instruments. As a

result, these goods are now eligible for importation into Argentina. The Extra-Zone Import duty applicable to new goods is doubled for used equivalents, but total duties may not exceed 35 percent.

Decree 273/2025 also eliminated the Certificate of Import of Used Goods, replacing the process with an automatic importation process based on a sworn declaration submitted through the Malvina Computer System. Additionally, Argentina continues to permit the importation of used equipment for the mining industry under the Mining Investment Law (Law No. 24,196), provided the equipment does not exceed 50 percent of its useful life.

Argentina maintains prohibitions on the importation of certain used goods, such as nuclear reactors, reciprocating piston engines, transformers, converters (inverters), solid-state rectifiers, among others, as detailed in Annex II of Resolution 909/94 and its amendments. Used motor vehicles generally remain prohibited from importation.

Argentina continues to treat remanufactured goods as used goods; any remaining restrictions on used goods also apply to their remanufactured equivalents. Under the ARTI, Argentina has agreed to work with the United States on this issue.

Foreign Exchange Market Access for Imports

On April 14, 2025, the Central Bank of Argentina (BCRA) issued Communication “A” 8226, eliminating the previous 30-day waiting period for import payments on new transactions. Importers may now access the Single Free Exchange Market (MULC) and pay foreign suppliers immediately upon customs clearance, as of the official registration date.

Foreign Exchange and Capital Flow Restrictions

Companies that access the MULC are prohibited from conducting financial dollar transactions (MEP, local dollar bond market or blue-chip-swap markets) for 90 days, and the same restriction applies in reverse. In September 2025, through Communication “A” 8336, the BCRA established that individuals purchasing official U.S. dollars could not access the MEP (local dollar bond market) or the blue-chip-swap markets (dollar settlement through securities) for 90 days.

In September 2025, through Communication “A” 8331, Argentina re-established the repatriation of dividends for profits generated from 2025 onward. Dividends accrued in previous years remain subject to repatriation restrictions, disproportionately affecting foreign entities present in the market.

In October 2025, the Central Bank clarified that virtual wallets and fintech companies are not authorized to act as intermediaries in the official foreign exchange market. Only banks and licensed exchange houses are permitted to conduct official foreign currency transactions on behalf of individuals.

Consularization

Argentina has imposed costly and time-consuming consularization requirements on import documentation, a practice at odds with the current trend in customs practice. Under the ARTI, Argentina has agreed to eliminate these consular requirements for U.S. goods.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Plastics for Food Contact

On February 13, 2025 and June 21, 2024, respectively, Argentina notified to the WTO Committee on Technical Barriers to Trade two MERCOSUR proposed technical regulations: (1) related to food-grade post-consumer recycled PCR polyethylene terephthalate (PET) containers (food-grade PCR PET) intended to come into contact with food; and (2) related to cellulosic materials, packaging, and equipment intended to come into contact with food. The United States commented on these proposals on April 11, 2025 and August 20, 2024, respectively. The comments requested technical clarifications and probed Argentina about the specifics of its traceability program for food-grade PCR PET containers. U.S. industry stakeholders raised concerns that the regulations could result in unclear, onerous traceability procedures for manufacturers. As of December 31, 2025, the measures remained in draft form and were not yet finalized.

Automotive Regulations

In 2025, Argentina was scheduled to begin enforcement of United Nations Economic Commission for Europe 1958 Agreement-based automotive pedestrian protection requirements. Enforcement of the measure disadvantages vehicles built to U.S. Federal Motor Vehicle Safety Standards (FMVSS) as the United States does not have mandatory pedestrian protection requirements.

Under the ARTI, Argentina has agreed to accept vehicles and vehicle parts that are manufactured to comply with FMVSS and U.S. emissions standards and sold in the United States, and accept U.S. compliance procedures for automotive products without additional conformity requirements to enter Argentina's market.

Sanitary and Phytosanitary Barriers

Live Cattle

Argentina eliminated its ban on imports of U.S. live cattle in 2025.

INTELLECTUAL PROPERTY PROTECTION

Argentina remained on the Priority Watch List in the [2025 Special 301 Report](#). The situation for innovators in the pharmaceutical and agrochemical sectors presents significant challenges. First, the scope of patentable subject matter is significantly restricted under Argentine regulations, although Argentina has been engaging the United States and US stakeholders to address this issue. Second, current policies provide inadequate protection against the unfair commercial use and unauthorized disclosure of undisclosed test and other data submitted to the Argentine Government in conjunction with its lengthy marketing approval process. The United States remains concerned about the lack of sufficient transparency and fairness in the protection of geographical indications (GIs) and the need to ensure that the grant of GI protection does not deprive interested parties of the ability to use common names, particularly as Argentina proceeds with the European Union–MERCOSUR Trade Agreement. In addition, the backlog continues for patent applications for pharmaceuticals and biosimilar products, resulting in unreasonable delays for these products.

Enforcing intellectual property rights in Argentina continues to prove challenging, as counterfeit and pirated goods remain widely available. The physical markets of La Salada and Barrio Once are both listed in the [2025 Review of Notorious Markets for Counterfeiting and Piracy](#) (Notorious Markets List). For example, La Salada in Buenos Aires, one of the largest black markets for counterfeit and pirated goods in Argentina, continues to sell counterfeit products online, though authorities greatly restricted the operations of La Salada and repeatedly raided Barrio Once. Furthermore, the existing legal regime and weak enforcement continue to hinder the ability of rights holders, law enforcement, and prosecutors to halt, through legal action, the growth of illegal markets, both online and physical.

Under the ARTI, Argentina has made commitments that will benefit American innovators and creators by enhancing intellectual property protection and prioritizing enforcement against intellectual property theft. This includes joining and fully implementing key international intellectual property treaties and taking steps to resolve many long-standing intellectual property issues identified in USTR's Special 301 Report. Argentina has also committed to robust standards for transparency and fairness regarding the protection of GIs and to ensure that U.S. products can continue using terms that have been unfairly protected as GIs.

SERVICES BARRIERS

Similar to goods importers, services suppliers are subject to restrictions on their ability to access the foreign exchange market.

Audiovisual Services

Argentina's Media Law imposes production requirements on advertising and publicity materials. The Media Law also establishes broadcast content requirements on companies with radio licenses (particularly for news and music) and on private television operators.

Other Digitally-Enabled Services and Digital Products

Data Protection

Argentina does not recognize the United States as an "adequate" jurisdiction for personal data transfers under its data protection law, although the government has committed to do so. Instead, data transfers to the United States require standard contractual clauses or other additional safeguards, resulting in higher operational complexity, increased compliance costs, and delays in service implementation. The ARTI includes commitments to address this issue.

OTHER NON-MARKET POLICIES AND PRACTICES

Argentina does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Argentine markets from distortions and ensure a fair and secure trading relationship. Under the ARTI, Argentina has agreed to provisions to address distortions caused by such NMPPs. Argentina also participates in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Argentina's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to

collective bargaining. The United States also has concerns with respect to labor law enforcement. Argentina does not yet have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Argentina's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Argentina an unfair advantage.

Under the ARTI, Argentina has agreed to address various labor-related concerns that the United States has raised and to implement a ban on the importation of goods produced with forced or compulsory labor.

ENVIRONMENT

Illegal Logging and Associated Trade

Illegal logging and trade in illegally harvested timber puts U.S. companies that comply with environmental laws at an unfair advantage, funds transnational criminal organizations, depresses global wood prices, and harms the environment and local communities. Stakeholders have expressed concerns about illegally harvested timber from Argentina, particularly along the border between Brazil, Paraguay, and Argentina, driven by weak or ineffective enforcement of environmental laws, particularly in remote areas, commercial agricultural production, and lack of capacity and potentially disadvantaging American producers and manufacturers. Under the ARTI, Argentina has agreed to address concerns regarding illegal logging and associated trade.

Illegal Wildlife Trade and Associated Crimes

Wildlife trafficking is a serious transnational crime that threatens security and economic prosperity. Argentina acts as a source, transit, and destination country for wildlife trafficking, particularly for exotic leathers (caiman, lizards, and jaguars) and live birds. Weak border controls, as well as poor environmental law enforcement and corruption, facilitate this illicit activity. Illegal wildlife trade undercuts legitimate U.S. businesses, for example in the pet, fashion, and medical research sectors that comply with strict regulations and sustainable practices, and contaminates global supply chains, which might be riddled with illicit products that can ultimately reach U.S. consumers. Under the ARTI, Argentina has agreed to take measures to combat, and cooperate to prevent, the trade of wild fauna and flora that were taken or traded in violation.

Illegal, Unreported, and Unregulated Fishing

Argentina faces significant challenges with illegal, unreported, and unregulated (IUU) fishing. IUU fishing in and adjacent to Argentina's waters may put legitimate fishermen and seafood producers who adhere to lawful, sustainable fishing practices at a disadvantage in the global market and creates unfair competition. Public reports note that foreign fishing vessels from other countries, including China, congregate just outside the Argentinian exclusive economic zone (EEZ) to target squid without a regional fisheries management organization in the area to ensure those activities are sustainably managed and monitored to prevent IUU fishing. Some of these vessels also have allegedly crossed into Argentina's EEZ to fish illegally. Since Argentina is a top exporter of fish and fish products to the United States, it is likely that this IUU fishing is impacting U.S. supply chains and U.S. producers. Under the ART, Argentina has agreed to address concerns regarding IUU fishing.

Illegal Mining

Stakeholders have expressed concerns about illegal gold and lithium mining in Argentina, driven by weak enforcement and limited capacity at the national and provincial levels, lack of traceability, and the high profitability of illicit gold. Illegal mining undercuts U.S. companies that comply with environmental laws and labor standards. Argentina supplied 56 percent of overall U.S. lithium imports in 2025. Argentina has agreed to address concerns regarding illegal mining under the ARTI.

AUSTRALIA

TRADE SUMMARY

The U.S. goods trade surplus with Australia was \$4.6 billion in 2025, a 74.4 percent decrease (\$13.3 billion) over 2024. U.S. goods exports to Australia totaled \$33.7 billion in 2025, down 2.6 percent (\$886.2 million) from 2024. U.S. goods imports from Australia totaled \$29.1 billion in 2025, up 74.7 percent (\$12.4 billion) from 2024. The U.S. agricultural trade deficit with Australia increased from \$3.8 billion in 2024 to \$5.1 billion in 2025. Total U.S. goods trade (exports plus imports) with Australia was an estimated \$62.8 billion in 2025. Australia was the 17th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Australia was \$14 billion in 2025, a 5.5 percent decrease (\$816 million) over 2024. U.S. services exports to Australia totaled \$27.4 billion in 2025, up 2.9 percent (\$773 million) from 2024. U.S. services imports from Australia totaled \$13.4 billion in 2025, up 13.5 percent (\$1.6 billion) from 2024. Total U.S. services trade with Australia was an estimated \$40.7 billion in 2025. Australia was the 16th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Australia Free Trade Agreement

The United States–Australia Free Trade Agreement (FTA) entered into force on January 1, 2005. Under the TIFA, as of January 1, 2015, Australia provides duty-free access to all U.S. exports. The United States and Australia meet periodically to review the implementation and functioning of the FTA and to address outstanding issues.

IMPORT POLICIES

Taxes

Value-Added Taxes

Australia applies a standard goods services tax (GST) rate of 10 percent to most goods and services. Australia provides a GST exemption for goods that are exported from Australia by the supplier within 60 days of the supplier receiving any payment for the goods or of the supplier issuing an invoice for the goods. Businesses can also claim a credit for any GST included in the price of any goods and services bought for the business. Additionally, domestic and foreign businesses that have less than AUD 75,000 (approximately \$46,875) in sales in Australia are not required to register for or charge a GST.

There are a number of exemptions to the GST, including most basic foods, some education courses, some medical, health and care products and services. The GST is calculated on the basis of domestic consumption; therefore, the GST is applied equally to domestic and imported goods that are consumed in Australia. Consequently, tourists traveling from Australia are considered to be exporting if they take goods out of Australia and can claim a GST refund.

SANITARY AND PHYTOSANITARY BARRIERS

Animal Health

Beef

Australia requires completion of a complex approval process before it will permit the importation of bovine products from a country that has reported any indigenous cases of bovine spongiform encephalopathy (BSE). In 2003, Australia closed its market to U.S. beef after the detection of BSE in the United States. In May 2018, Australia lifted its ban on heat-treated, shelf-stable beef products from the United States. However, Australia's market had continued to remain closed to fresh U.S. beef and beef products. The United States and Australia held a series of technical discussions to address outstanding differences. In July 2025, Australia granted the United States full market access for fresh U.S. beef and beef products.

Pork

Pork and pork products are the second-leading U.S. agricultural export to Australia, valued at approximately \$248.7 million in 2025. However, due to Australia's stated biosecurity concerns about porcine reproductive and respiratory syndrome (PRRS) and postweaning multisystemic wasting syndrome (PMWS), Australia does not permit imports of fresh/chilled pork and bone-in products from the United States. The United States has provided Australia with scientific evidence demonstrating the safety of U.S. pork products; however, the issue remains unresolved. Access to the Australian market for fresh/chilled/frozen pork, bone-in pork, and pork products remains a high priority for the United States.

Poultry

Australia prohibits imports of uncooked poultry meat from all countries except New Zealand. Although cooked poultry meat products may be imported, current import requirements (as set out in an import risk analysis) mandate that imported poultry meat products be cooked to a minimum core temperature of 74 degrees Celsius for 165 minutes or the equivalent. This cooking temperature is not suitable for prepared deli meats, resulting in a significant barrier for cooked poultry products that would be suitable for sale in restaurants or delicatessens. Since 2012, the United States and Australia have exchanged technical information to attempt to resolve the issue. The United States continues to work with Australia to gain meaningful commercial market access for cooked poultry meat.

Plant Health

Apples and Pears

Australia prohibits the importation of apples and pears from the United States based on concerns regarding several pests. In November 2018, Australia initiated a risk analysis for fresh apples from U.S. Pacific Northwest (PNW) states, and published the final report in October 2022. In 2024, Australia's Department of Agriculture, Fisheries and Forestry (DAFF) conducted a site visit to PNW states to review pest-free area (PFA) programs for apple maggot. In 2025, DAFF provided feedback to USDA's Animal and Plant Health Inspection Service (APHIS) identifying areas for improvement in PFA management and requested additional information to address these concerns. APHIS continues to work with U.S. industry to respond to DAFF's requirements and secure market access for U.S. apples.

Australia also maintains a prohibition on U.S. pears because of stated concerns about fire blight, despite U.S. evidence demonstrating that mature, symptomless pears do not transmit the disease.

INTELLECTUAL PROPERTY PROTECTION

Under the FTA, Australia must notify a pharmaceutical product patent owner of a third-party request for marketing approval for a product claimed by that patent owner. Australia must also provide measures in its marketing approval process to prevent third parties from marketing a patented product during the patent term. U.S. and Australian pharmaceutical companies have expressed concerns about delays in this notification process that diminish their ability to seek remedies against potentially infringing products. The United States has also raised concerns about provisions in Australian law regarding potential civil damages in certain cases in which a patent owner seeks a preliminary injunction on the launch of potentially infringing products. The United States continues to monitor these issues.

SERVICES BARRIERS

Audiovisual Services

On November 25, 2025, Australia passed the Communications Legislation Amendment (Australian Content Requirement for Subscription Video On Demand (Streaming) Services) Bill 2025, which requires streaming services with more than 1 million Australian subscribers to invest at least 10 percent of their total expenditure for Australia, or 7.5 percent of their Australian revenue, on new local drama, children's, documentary, arts, or educational programs. U.S. industry has expressed concern that the measure employs a narrow, outdated definition of Australian content and will distort important investment and production decisions. The United States has raised serious concerns regarding this issue and continues to monitor it.

Other Digitally-Enabled Services and Digital Products

Mandatory Bargaining Code and News Bargaining Incentive

On March 2, 2021, Australia passed the Treasury Laws Amendment (News Media and Digital Platforms Mandatory Bargaining Code) Act 2021 (Bargaining Code). Under the Bargaining Code, designated platform services companies are required to negotiate with registered Australian news media businesses to pay the news businesses for content accessed via certain services offered on the companies' digital platforms. On November 13, 2025, Australia published a public consultation paper on its intent to tighten the rules surrounding the Bargaining Code, including by introducing a financial penalty for designated platforms that do not reach or renew commercial agreements. The United States continues to monitor this issue to ensure that U.S. companies are not unfairly targeted.

Digital Competition Ex-Ante Requirements

In December 2024, Australia published a proposed Australian Digital Competition Regime (Regime) for consultation. The proposed Regime, if enacted into law, would impose a set of general and sector-specific, *ex-ante* obligations on large online platforms on the basis of revenue thresholds and market share. The majority of the companies scoped into this proposed law are U.S. companies, placing them at a disadvantage against other domestic firms and foreign competitors. Violation of these *ex-ante* obligations may result in large fines. In June 2025, the Australian Competition and Consumer Commission published the results of its three-month consultation and recommended the Australian Parliament legislate new competition rules that include *ex-ante* proposals from the Regime. Australia's Parliament is expected to publish a draft law in 2026. The United States continues to monitor this issue to ensure that U.S. companies are not unfairly targeted.

Age Restrictions for Social Media Platforms

On December 10, 2025, Australia began implementing the Online Safety Amendment (Social Media Minimum Age) Act 2024, which prohibits children under 16 from having social media accounts and requires social media platforms to take “reasonable” steps to prevent Australians under 16 from having accounts. The United States continues to monitor enforcement of this Act to ensure that U.S. companies are not unfairly targeted.

INVESTMENT BARRIERS

In October 2019, a parliamentary legislative committee of the New South Wales (NSW) Government recommended that the NSW Government address the issue of compensation for certain investors, including U.S. shareholders, in a mining project whose operating license was canceled in 2014. When canceling the license, the NSW Government also passed legislation precluding the payment of compensation relating to such cancellation. As of December 31, 2025, the NSW Government had not provided shareholders, including U.S. investors, with recourse to seek compensation.

OTHER MARKET-DISTORTING PRACTICES

Australia does not impose sufficient measures against market-distorting practices in order to insulate the U.S. and Australian markets from these distortions and ensure a fair and secure trading relationship. Australia has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address these distortions. Australia participates in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

Australia does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Australia’s market. This issue may artificially suppress costs, including labor costs, which may give certain goods from and within Australia an unfair advantage.

OTHER BARRIERS

Public Country-by-Country Reporting Requirements

U.S. companies across several industries have raised concerns regarding Australia’s public country-by-country reporting requirements (CbCR) contained in the Treasury Laws Amendment of November 2024. U.S. companies also expressed concern about the release of commercially sensitive data. Specifically, U.S. companies have significant concerns about the lack of safeguards for commercially sensitive data or privately held companies that are not otherwise required to publicly disclose detailed financial information. Australia’s CbCR allows for one-year exemptions where disclosure will cause substantial harm. However, U.S. companies say that the exemption guidance is unclear, and arbitrary, and that the Australian Tax Office (ATO) may be overly rigid in defining “significant harm” or “substantial harm,” which may make them unamenable to granting exemptions either to individual U.S. companies or on an industry-wide basis. Australia’s law allows for companies to request an exemption, which could trigger a one-year exemption if certain conditions are met. Companies that receive an exemption will need to re-apply for an exemption on a yearly basis.

Pharmaceutical Pricing Practices

U.S. industry stakeholders report that Australia significantly undervalues American innovation through unfair drug pricing practices. When setting prices for new innovative medicines, Australia reportedly uses low and outdated monetary thresholds in its valuation process, leading to artificially low prices for innovative therapies. Australia's Pharmaceutical Benefits Scheme mandates price cuts for innovative pharmaceuticals at certain intervals if no generic or biosimilar competitor enters the market. These price cuts are applied without considering inflation, production costs, or the ongoing therapeutic value of the medicine. Furthermore, Australia's Risk Share Arrangements (RSAs)—with expenditure caps and a clawback mechanism, requiring drug manufacturers to reimburse the government for up to 100 percent of expenditures exceeding the cap—shift financial risks to the manufacturers, including U.S. pharmaceutical companies.

BANGLADESH

TRADE SUMMARY

The U.S. goods trade deficit with Bangladesh was \$7.1 billion in 2025, a 17.9 percent increase (\$1.1 billion) over 2024. U.S. goods exports to Bangladesh totaled \$2.3 billion in 2025, up 1.4 percent (\$32.6 million) from 2024. U.S. goods imports from Bangladesh totaled \$9.5 billion in 2025, up 13.3 percent (\$1.1 billion) from 2024. Total U.S. goods trade (exports plus imports) with Bangladesh was an estimated \$11.8 billion in 2025. Bangladesh was the 67th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Bangladesh was \$926 million in 2024 (latest data available), a 17.4 percent increase (\$137 million) over 2023. U.S. services exports to Bangladesh totaled \$1.3 billion in 2024 (latest data available) up 15.8 percent (\$184 million) from 2023. U.S. services imports from Bangladesh totaled \$423 million in 2024 (latest data available) up 12.5 percent (\$47 million) from 2023. Total U.S. services trade with Bangladesh was an estimated \$1.8 billion in 2024 (latest data available). Bangladesh was the 67th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Bangladesh Trade and Investment Framework Agreement

The United States and Bangladesh signed a Trade and Investment Cooperation Forum Agreement (TICFA) on November 25, 2013. The TICFA is the primary mechanism for discussions of trade and investment issues between the United States and Bangladesh.

U.S.–Bangladesh Agreement on Reciprocal Trade

On February 9, 2026, Bangladesh and the United States signed the Agreement Between the United States of America and the People’s Republic of Bangladesh on Reciprocal Trade (ART). The ART will enter into force 60 days after the date on which the Parties exchange written notifications certifying completion of their applicable legal procedures or on such other date as the Parties may agree. This NTE Chapter includes an illustrative set of the ART provisions that address identified barriers. The United States will closely monitor implementation of the ART.

IMPORT POLICIES

Bangladesh’s import policies are outlined in the Import Policy Order (IPO) 2021–24 issued by the Ministry of Commerce. The IPO outlines all import-related policies in seven chapters for agricultural and non-agricultural goods. The IPO has two lists: the “List of Controlled Goods” and the “List of Prohibited Goods.”

Tariffs

Bangladesh’s average Most-Favored-Nation (MFN) applied tariff rate was 14.1 percent in 2024 (latest data available). Bangladesh’s average MFN applied tariff rate was 17.7 percent for agricultural products and 13.5 percent for non-agricultural products in 2024 (latest data available). Bangladesh has bound 17.6 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 155.1 percent. Beyond customs duties, Bangladesh applies other charges on imports, such as a regulatory duty and a supplemental duty.

Under the ART, Bangladesh has agreed to provide significant preferential market access for U.S. industrial and agricultural goods, including chemicals, medical devices, machinery and motor vehicles and parts, information and communicational technology equipment, energy products, soy products, dairy products, beef, poultry, and tree nuts and fruit.

Taxes

Value-Added Taxes

Bangladesh applies a standard value-added tax (VAT) rate of 15 percent to most goods and services, including imports from the United States. Bangladesh rebates VATs duties on exports, including exports to the United States. The VAT does not apply to imports valued at less than BDT 1,000 (approximately \$8.2). Bangladeshi companies with annual revenue under BDT 3 million (approximately \$24,610) are generally exempt from paying VAT; while companies with annual revenue of BDT 3–5 million (approximately \$24,610–\$41,017) are subject to a reduced VAT of 3–4 percent.

As defined in the Second Schedule of the VAT and Supplementary Duty Act, 2012, some specific goods and services have reduced VAT rates ranging from 1.5 percent to 10 percent, such as goods intended for construction and transport.

Under the ART, Bangladesh has agreed to refrain from imposing any VAT that discriminates against U.S. companies.

Non-Tariff Barriers

Customs Barriers and Trade Facilitation

Bangladesh has not notified its customs valuation legislation to the WTO and has not yet responded to the Checklist of Issues describing how the WTO Customs Valuation Agreement is being implemented. Under the ART, Bangladesh has agreed to submit its national customs valuation legislation and responses to the Checklist of Issues to the WTO.

Agriculture

Bangladesh maintains policies and practices that prevent the import of certain food and agricultural products. For example, the Department of Livestock Services stopped issuing import permits for meat and poultry despite reports of illicit beef imports from India and other countries. Bangladesh has also banned meat and bone meal imports and use since December 2018. In addition, Bangladesh has banned the import of energy drinks since 2018. Authorities published a draft voluntary standard for energy drinks in 2024 and have drafted a mandatory standard that, if introduced, would serve as a *de facto* import ban. In parallel, the Bangladesh Narcotics Department introduced a caffeine threshold limit that would prohibit the import and sale of most caffeinated drinks. Under the ART, Bangladesh has agreed to recognize that U.S. sanitary and phytosanitary (SPS) measures satisfy domestic requirements for import. Bangladesh has also agreed to accept U.S. Government certifications of compliance with U.S. requirements for imports of food and agricultural products into Bangladesh.

SANITARY AND PHYTOSANITARY BARRIERS

Stakeholders have expressed concerns that Bangladesh's IPO contains numerous testing and certification requirements that do not appear to be science- and risk-based. For animal feed, for example, requirements include radioactivity test reports, and certificates stating that animal feed is free from chloramphenicol, nitrofurans, "harmful antibiotics," and melamine. Bangladesh then requires that these products be retested during the customs clearance process. Bangladesh also tests all shipments of animal feed ingredients for porcine and bovine residues during customs clearance. Furthermore, the IPO requires all shipments of animal feed ingredients to be accompanied by a certificate stating that the product is free of genetically modified organisms. Under the ART, Bangladesh has agreed to remove unjustified SPS barriers and to develop a policy that would allow U.S. agricultural goods to be imported.

GOVERNMENT PROCUREMENT

Government procurement is primarily undertaken through public tenders under the Public Procurement Act of 2006 and conducted by the Central Procurement Technical Unit. Bangladesh uses government-to-government (G2G) agreements as an alternative to public tenders, usually involving state-owned enterprises in the partner countries as the contracted parties to fulfil tenders. In 2025, the Ministry of Food also initiated procurement of U.S. wheat under a Memorandum of Understanding with U.S. Wheat Associates. Bangladesh publicly subscribes to principles of international competitive bidding; however, charges of corruption in nonagricultural procurements have been very common. Bangladesh has launched a national electronic government procurement portal, but U.S. stakeholders have raised concerns about the use of outdated technical specifications, the structuring of specifications to favor preferred bidders, and a lack of overall transparency in public tenders. Several U.S. companies have claimed that their foreign competitors often use their local partners to influence the procurement process and to block awards to otherwise competitive U.S. company bids. U.S. companies have reported instances of alleged bid rigging in government tenders in Bangladesh. U.S. companies have also alleged the use of bribery, anticompetitive practices, and a lack of transparency in the bidding process, all of which disadvantage U.S. companies' bidding on government tenders.

Bangladesh's Interim Government, which was formed in August 2024 and remained in office until the February 2026 general elections, committed to enacting reforms that would facilitate open tenders and transparent procurement, while suspending negotiations the former regime was pursuing directly. However, the interim government made frequent use of G2G agreements to get projects approved quickly due to the long approval process for public tenders. Under the ART, Bangladesh agreed to implement and enforce transparent procurement processes.

Bangladesh is neither a Party to the WTO Agreement on Government Procurement (GPA) nor an observer to the WTO Committee on Government Procurement.

INTELLECTUAL PROPERTY PROTECTION

Bangladesh continues to lack adequate intellectual property (IP) protection and enforcement, due in part to the government devoting limited resources towards IP protection and enforcement, and counterfeit and pirated goods are readily available. A number of U.S. stakeholders have reported increases in potential IP violations across industries, including the consumer goods, apparel, pharmaceutical, and software industries. Stakeholders also report a growing trend of Bangladesh serving as a source country for counterfeits distributed globally. The lack of investigative resources and expertise of the police and their reluctance to initiate independent investigations has further impeded IP right holders' ability to enforce

their rights. In addition, IP rights holders have raised concerns about the courts' ability to adjudicate IP cases fairly.

Bangladesh has taken some steps in recent years to improve IP protection through legislative reforms, including the passing of a new patent law in April 2022, which was further revised in September 2023, followed by copyright amendments in October 2023, and the enactment of the Industrial Design Act in July 2023. However, the effectiveness of these changes remains uncertain because the implementing rules have yet to be finalized. Additionally, the lack of stakeholder interaction and a public comment process in the development of these reforms remains a concern. Bangladesh continues to lack transparent rulemaking processes that include seeking input from stakeholders to address the gaps in IP protection and make meaningful improvements to its IP regime. The Bangladesh Patent Act, 2023 formally entered into force on February 27, 2025.

To strengthen Bangladesh's IP regime, better coordination among enforcement authorities and other government institutions is crucial. These include Customs; the Office of the Attorney General; the Copyright Office; the Bangladesh Investment Development Authority; and the Department of Patents, Designs, and Trademarks. In addition, customs officials, police, and the judiciary would benefit from participating in available training opportunities as a means of improving Bangladesh's IP rights enforcement.

Under the ART, Bangladesh has agreed to groundbreaking provisions that will preserve current and future U.S. market access for U.S. cheese and meat producers who rely on the use of common names. This includes ensuring that market access will not be restricted due to the mere use of certain cheese and meat terms. Bangladesh has also agreed to robust standards for transparency and fairness regarding the protection of geographical indications (GIs) and to ensure that U.S. products can continue using terms that have been unfairly protected as GIs. Bangladesh has also agreed to provisions that will benefit American innovators and creators by enhancing IP protection and prioritizing enforcement against IP theft. This includes joining and fully implementing key international IP treaties.

SERVICES BARRIERS

Other Digitally-Enabled Services and Digital Products

Internet Services

The Information and Communication Technology Act of 2006, amended in 2013, authorizes the Government of Bangladesh to access any computer system for the purpose of obtaining any information or data, and to intercept information transmitted through any computer resource. Under this law, Bangladesh may also prohibit the transmission of any data or voice call and censor online communications.

In February 2022, the Bangladesh Telecommunications Regulatory Commission (BTRC) published the Regulation for Digital, Social Media and Over the Top (OTT) Platforms, 2021. The regulations were presented in their final form to a subdivision of the Supreme Court of Bangladesh on October 19, 2022. The regulations are a content governance framework for digital, social media, and media platforms operating in the country. The framework seeks to introduce traceability within end-to-end encrypted services. Industry and civil society stakeholders have expressed concerns that the regulations will grant government authorities sweeping powers to dictate online content with the threat of criminal liability for firms and employees deemed noncompliant. Under the ART, Bangladesh agreed to amend or repeal the Regulation for Digital, Social Media and Over the Top (OTT) Platforms to remove requirements for

traceability within end-to-end encrypted services and for service suppliers to disclose encryption keys, and to incorporate freedom of expression protections.

Personal Data Protection Regulation

In November 2025, the interim government adopted the Personal Data Protection Ordinance (PDPO) and the National Data Governance Ordinance, incorporating minimal stakeholder feedback. Ordinances are provisional laws approved through the executive action of the government, which lapse if not ratified by the next parliament within 30 days of the initiation of session. The PDPO introduces criminal liability and extraterritorial provisions, as well as data localization requirements for certain categories of restricted data. Cross-border transfers of some data are permitted under certain conditions, and solely to countries that ensure adequate data protection, although the ordinance does not specify criteria for an adequacy determination. These requirements could significantly limit the ability of companies operating in the Bangladeshi market to rely on global cloud infrastructure and may, in practice, compel foreign providers to establish or expand local data centers.

Under the ART, Bangladesh has agreed to ensure the free transfer of data across trusted borders and to ensure that stakeholder feedback is duly considered during the formulation and revision of the PDPO. Bangladesh has also committed to recognizing the Global Cross-Border Privacy Rules (CBPR) System and Global Privacy Recognition for Processors (PRP) System certifications as valid mechanisms under its legal framework for cross-border data transfers.

Cybersecurity

The Cyber Security Act of 2023 (CSA) criminalized certain forms of free expression by allowing for court cases to be brought against people for online posts. On December 24, 2024, the interim government approved a draft Cyber Protection Ordinance to replace the CSA, which it officially repealed on May 21, 2025. The replacement ordinance removed several controversial provisions but some restrictions on free speech remain. Under the replacement ordinance, digital services platforms must remove content at the government's request but are no longer subject to liability for content determined objectionable. Under the ART, Bangladesh has agreed to incorporate safeguards for the protection of freedom of expression under the ordinance and to amend relevant legislation to impose stricter penalties for cybercrimes.

Shutdowns and Other Threats to the Open Internet

From 2015 to 2024, Bangladesh regularly imposed Internet shutdowns that restricted access to information and services, disrupting commercial operations, and thereby undermining a free and open Internet and impeding trade in the digital economy. The BTRC ordered mobile operators to limit data transmissions for political reasons on several occasions in 2019, 2020, 2023, and 2024 ahead of politically sensitive events, including local and national elections. During the protests that took place in July and August 2024 leading to the change in government, the BTRC shut off all Internet and mobile data in the country for 10 days. A subsequent interim government investigation found the shutdown occurred without judicial or administrative approval. On November 4, 2025, the government published a draft Bangladesh Telecommunication Ordinance for public consultation, proposing to prohibit Internet shutdowns under any circumstance and to abolish the National Telecommunication Monitoring Center (NTMC), the agency previously linked to shutdown implementation. On December 24, 2025, the interim government approved the ordinance, and the United States continues to monitor the impact of these events on U.S. trade and investment, including services exports.

INVESTMENT BARRIERS

Bangladesh generally permits 100 percent foreign ownership in most sectors, but foreign ownership is subject to equity caps in certain sectors, including petroleum marketing, gas distribution, and telecommunications. Foreign investors must also receive a No Objection Certificate from the relevant government ministry in order to invest in 22 sectors, including banking, finance, and insurance; power generation and distribution; large-scale infrastructure projects; chemicals; and oil and natural gas. Bangladesh permits the repatriation of profits, revenue, dividends, and external payments, but U.S. and other foreign investors have raised concerns that the procedures and requirements for outbound transfers of investment-related capital from Bangladesh remain cumbersome, lack transparency, and often result in significant delays, with some companies waiting over a year for approvals of their repatriation applications. U.S. companies seeking remittances have reported significant delays in securing required approvals from regulators, which are required before companies can seek central bank clearance. In 2025, Bangladesh's Interim Government made payments on outstanding arrears with several U.S. companies and committed to improving bureaucratic procedures for approving the repatriation of investment-related capital, which the United States will continue to monitor. Under the ART, Bangladesh has agreed to liberalize its foreign equity caps for U.S. investment in oil and gas, insurance, and telecommunications; facilitate U.S. investors receiving No Objection Certificates where they are required; enhance approval processes for U.S. investors to transfer investment-related capital into and out of its territory; and address outstanding arrears to U.S. firms.

SUBSIDIES

Bangladesh maintains about \$1.4 billion per year of agricultural subsidies, which remained flat in the 2025–26 budget after a reduction in the 2024–25 budget year. The subsidies allow grain to be purchased at a support price, and reduce the price of production inputs for producers, including for non-product-specific support through subsidized fertilizers, diesel fuel, electricity for irrigation, and agricultural machinery. Support for diesel fuel and agricultural machinery has yet to be notified to the WTO Committee on Agriculture. The subsidized fertilizer is distributed through a controlled channel, which keeps prices reasonably stable. In addition, Bangladesh provides export cash incentives for a variety of agricultural products, including vegetables, fruits, and processed agricultural products. In 2023, Bangladesh notified a backlog of domestic support notifications through Fiscal Year 2020–21 to the WTO Committee on Agriculture. The most recent export subsidy notifications cover Fiscal Year 2006–07.

Bangladesh has never submitted a subsidies notification to the WTO Committee on Subsidies and Countervailing Measures. According to publicly available information from the Bangladesh Investment and Development Authority, industries exporting more than 80 percent of their goods, regardless of their locations (*i.e.*, within or outside of an export processing zone), can be exempted from income tax for 50 percent of their export earnings, provided that the industry is not already paying income tax at a reduced rate. Furthermore, exporters in certain sectors may be eligible for additional benefits in the form of a subsidy or cash incentive based on certain conditions. Other publicly available information indicates that exporters in 43 sectors receive cash incentives, ranging from 1 percent to 20 percent of the export value, as long as the exported product contains at least 30 percent domestic value added. Bangladesh is currently excepted from the WTO Agreement on Subsidies and Countervailing Measures prohibition on export subsidies by virtue of its status as a least-developed country (LDC). Bangladesh continues to support proposals that would allow a WTO Member to continue to benefit from this exception, even after it graduates from LDC status. Bangladesh is scheduled to graduate from LDC status in 2026.

OTHER NON-MARKET POLICIES AND PRACTICES

Bangladesh does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Bangladeshi markets from distortions and ensure a fair and secure trading relationship. Under the ART, Bangladesh has agreed to provisions to address distortions caused by such NMPPs. Bangladesh does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Bangladesh's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. The United States has raised freedom of association and acceptable conditions of work with the Bangladeshi Government since the United States suspended all of Bangladesh's tariff benefits under the Generalized System of Preferences program in 2013. Bangladesh does not yet have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Bangladesh's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from Bangladesh an unfair advantage. In 2025, Bangladesh's interim government passed the 2025 Bangladesh Labor Act Amendment Ordinance to strengthen workers' rights to freedom of association and collective bargaining. Under the ART, Bangladesh has agreed to address various labor-related concerns that the United States has raised and to implement a ban on the importation of goods produced with forced or compulsory labor.

ENVIRONMENT

Bangladesh has undergone rapid urbanization and increases in manufacturing capacity as it has developed economically. Limited institutional capacity for environmental governance in Bangladesh has resulted in environmental degradation, including high levels of air and water pollution, poor solid-waste management infrastructure, heavy metal and lead contamination, and other challenges. Lack of environmental governance and environmental enforcement can contribute to environmental arbitrage that allows manufacturing to take place without compliance costs associated with strict environmental regulations. These environmental protection and enforcement issues may artificially suppress production costs, giving Bangladeshi produced goods an unfair advantage in its domestic market, the U.S. market, and third-country markets. Under the ART, Bangladesh has agreed to adopt and maintain environmental protections, effectively enforce its environmental laws, uphold strong environmental governance structures, and address environment-related issues that contribute to non-reciprocal trade.

OTHER BARRIERS

Bribery and Corruption

Corruption is a pervasive and long-standing problem in Bangladesh, and anticorruption law is inadequately enforced. The Code of Criminal Procedure, the Prevention of Corruption Act, the Penal Code, and the Money Laundering Prevention Act criminalize attempted corruption, extortion, active and passive bribery, bribery of foreign public officials, money laundering, and use of public resources or non-public state information for private gain. However, bribery and extortion in commercial dealings have been common features of business despite the illegality of facilitation payments and gifts. U.S. companies have complained about long delays in obtaining approval of licenses and bids as Bangladeshi Government

officials seek bribes. The interim government has highlighted fighting corruption as one of its top reform priorities.

The Anti-Corruption Commission (ACC), the main institutional anticorruption watchdog, has not always been able to function independently. Updates to the Public Service Act in 2025 removed obstacles to the ACC conducting investigations against and prosecuting government officials. While the ACC has increasingly pursued cases against government officials, mainly lower-level officials and some higher-level officials, a large backlog of cases remains.

Under the ART, Bangladesh has agreed to strengthening, implementing, and enforcing anti-corruption laws; establishing penalties for entities engaged in corrupt practices; and to maintaining standards of conduct for the proper performance of public functions and the avoidance of conflicts of interest by public officials.

BOLIVIA

TRADE SUMMARY

The U.S. goods trade deficit with Bolivia was \$270.3 million in 2025, a 270.7 percent increase (\$197.4 million) over 2024. U.S. goods exports to Bolivia totaled \$348.5 million in 2025, down 18.9 percent (\$81.4 million) from 2024. U.S. goods imports from Bolivia totaled \$618.8 million in 2025, up 23.1 percent (\$115.9 million) from 2024. Total U.S. goods trade (exports plus imports) with Bolivia was an estimated \$967.3 million in 2025. Bolivia was the 115th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Bolivia was \$283 million in 2024 (latest data available), a 1.1 percent increase (\$3 million) over 2023. U.S. services exports to Bolivia totaled \$458 million in 2024 (latest data available) up 5 percent (\$22 million) from 2023. U.S. services imports from Bolivia totaled \$175 million in 2024 (latest data available) up 11.5 percent (\$18 million) from 2023. Total U.S. services trade with Bolivia was an estimated \$633 million in 2024 (latest data available). Bolivia was the 96th largest U.S. services export market in 2024 (latest data available).

IMPORT POLICIES

Tariffs

Bolivia's average Most-Favored-Nation (MFN) applied tariff rate was 11.8 percent in 2023 (latest data available). Bolivia's average MFN applied tariff rate for agricultural products was 13.2 percent and 11.5 percent for non-agricultural products in 2023 (latest data available). Bolivia has bound 100 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 40 percent.

Bolivia's MFN tariff structure consists of seven rates ranging from zero percent to 40 percent. The tariff rates are: zero percent for certain capital goods, such as machinery and equipment that are not produced locally or are considered essential for the development of strategic sectors, such as agriculture, mining, and infrastructure; 5 percent for other capital goods and inputs, generally applied to raw materials and some intermediate products required for production of final goods in country; 10 percent for most intermediate products, including production inputs, food items, and equipment; 15 percent for final consumer goods and finished products that compete with local production and a wide-range of other products imported for direct consumption, such as fruit, vegetables, and fish; and 20 percent to 40 percent for certain products related to sectors the Bolivian Government protects due to local production, such as luxury goods, vehicles, certain types of textiles, and clothing. Bolivian law allows the government to raise tariffs if necessary to protect domestic industry or, alternatively, to lower tariffs if supplies run short.

In July 2024, Bolivia was approved for full membership in the Southern Common Market (MERCOSUR), formed in 1991, which also includes Argentina, Brazil, Paraguay, and Uruguay. As a result, the Bolivian Government is required to adjust its tariff structure within four years of its accession.

Taxes

Value-Added Taxes

The value-added tax (VAT) in Bolivia is an indirect tax that applies to the consumption of most goods and services at each stage of the production chain. The current rate in Bolivia is 13 percent. It is possible to claim a VAT refund when exporting goods or services, regardless of their destination.

Non-Tariff Barriers

Import Bans/Restrictions

In 2023, Bolivia imposed import prohibitions on 33 tariff lines. Prohibited items include some types of vehicles and motor vehicles, in particular, vehicles using liquefied gas, used motor vehicles more than one year old, motor vehicles more than three years old used for the transport of more than 10 persons, and special-purpose motor vehicles more than five years old.

SANITARY AND PHYTOSANITARY BARRIERS

Import Permits

The National Agricultural Health and Food Safety Service (SENASAG) is responsible for certifying the health safety status of products for domestic consumption, including imports, and for issuing sanitary and phytosanitary import permits. Importers have voiced concerns regarding SENASAG's transparency and inconsistent application of agricultural health and food safety standards and regulations.

SENASAG inspectors routinely use inconsistent and unclear criteria when evaluating food health and safety standards and reviewing supporting importation documents. Bolivia's facility registration requirements for animal products (beef, pork, poultry, dairy, genetic material, and animal by-products) are overly burdensome without a discernable health protection benefit, and SENASAG applies these requirements in an inconsistent manner. These practices have inhibited several U.S. agricultural exporters from gaining market access to Bolivia, despite local demand for these products.

GOVERNMENT PROCUREMENT

The Compro Boliviano (Buy Bolivian) program supports domestic production by giving preference margins to domestic goods or suppliers in government procurement.

Importers of foreign products can participate in procurements valued between \$142,000 and \$5.7 million only in cases where domestically manufactured products and domestic service providers are unavailable or when the Bolivian Government does not initially select a domestic supplier. Foreign companies submitting tenders for government consultancy contracts are required to do so in association with a Bolivian company, although the Bolivian Government occasionally makes exceptions in strategic sectors. For national and international tenders, preference margins are from 10 percent to 25 percent for Bolivian inputs.

As a general matter, the tendering process is nontransparent and acts as a barrier to participation. Bolivian Government requirements and the details of the tender are not always defined, and procurement notices are not always made public. For example, many of the state-owned companies, including the state-owned oil and gas company, Yacimientos Petrolíferos Fiscales Bolivianos, the state-owned electricity company, Empresa Nacional de Electricidad, and, the state-owned lithium company, Yacimientos de Litio Bolivianos, are not required to publish tenders through the official procurement website, Sistema de Contrataciones Estatales. U.S. stakeholders have raised concerns that these state-owned companies are not required to follow the procedures established in the national procurement law. However, the Bolivian Government has stated that attracting foreign investment is a priority and have drafted new legislation to address regulatory concerns across all sectors.

Bolivia is neither a party to the WTO Agreement on Government Procurement (GPA), nor an observer to the WTO Committee on Government Procurement.

INTELLECTUAL PROPERTY PROTECTION

Bolivia remained on the Watch List in the [2025 Special 301 Report](#). The report noted that significant challenges continue with respect to adequate and effective intellectual property (IP) protection and enforcement. Although certain Bolivian laws provide for the protection of copyrights, patents, and trademarks, they do not address trade secret protection. Significant challenges also persist with respect to widespread piracy and counterfeiting and trademark infringement. The Special 301 Report again encouraged Bolivia to improve its weak protection and enforcement of IP.

SERVICES BARRIERS

Public Cloud Storage Requirements

Bolivia maintains restrictive data localization requirements for the public sector through its Electronic Government Plan and Open Software and Open Standards Implementation Plan (PISLEA), specifically Supreme Decree Nos. 5309 and 5468. Under these regulations, public sector entities have until 2030 to store “non-public” government data within Bolivian territory, effectively preventing U.S. cloud service providers from offering storage services to government institutions. Although recent updates to PISLEA have provided some flexibility by allowing cloud services for “public” data and certain cloud-based operations for “non-public” data (such as processing), the regulations maintain strict data localization requirements for storage of “non-public” data.

STATE-OWNED ENTERPRISES

In an effort to control key sectors of the economy, the Bolivian Government has, over the last 20 years, made state-owned enterprises (SOEs) a major feature of the Bolivian economy. During that period, the central government obtained or maintained majority ownership in a number of companies in a long list of sectors including hydrocarbons, electricity, mining, and telecommunications. Bolivia also created dozens of public companies in “strategic” sectors such as food production, industrialization of natural resources, air travel, and banking. U.S. stakeholders have expressed concern that these SOEs engage in unfair subsidized competition, constituting a significant barrier to investment. The Bolivian Government has started a process to review and identify mismanagement and corruption in SOEs to determine which will be restructured, sold, or closed in 2026.

LABOR

The United States has concerns about Bolivia’s law regarding the protection of internationally recognized labor rights, including with respect to freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, the effective abolition of child labor, and a prohibition on the worst forms of child labor. The United States also has concerns with respect to labor law enforcement. Bolivia does not have a ban on the importation of goods produced with forced or compulsory labor. All together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Bolivia an unfair advantage.

ENVIRONMENT

Illegal Mining

Stakeholders have expressed concerns about illegal mining in Bolivia, driven by weak enforcement, widespread corruption, and the high profitability of illicit gold. Illegal mining undercuts U.S. companies that comply with environmental laws and labor standards. Public reports estimate illicit gold to account for 45 percent of total gold mining activity in Bolivia.

BOSNIA AND HERZEGOVINA

TRADE SUMMARY

The U.S. goods trade deficit with BBiH (BiH) was \$128.7 million in 2025, a 2.2 percent increase (\$2.8 million) over 2024. U.S. goods exports to BiH totaled \$29.2 million in 2025, down 44.9 percent (\$23.8 million) from 2024. U.S. goods imports from BiH totaled \$157.9 million in 2025, down 11.7 percent (\$21.0 million) from 2024. Total U.S. goods trade (exports plus imports) with BiH was an estimated \$187.2 million in 2025. BiH was the 184th largest U.S. goods export market in 2025.

The U.S. services trade deficit with BiH was \$101 million in 2024 (latest data available), a 7.5 percent increase (\$7 million) over 2023. U.S. services exports to BiH totaled \$121 million in 2024 (latest data available) up 10 percent (\$11 million) from 2023. U.S. services imports from BiH totaled \$222 million in 2024 (latest data available) up 8.8 percent (\$18 million) from 2023. Total U.S. services trade with BiH was an estimated \$343 million in 2024 (latest data available). BiH was the 142nd largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

BiH is not a Member of World Trade Organization (WTO). BiH applied to join, or “accede to,” the WTO in 1999 and the 14th meeting of the Working Party on its accession was held in June 2025.

IMPORT POLICIES

Tariffs

BiH’s average Most-Favored-Nation (MFN) applied tariff rate was 6.1 percent in 2024 (latest data available). BiH’s average MFN applied tariff rate was 8.2 percent for agricultural products and 5.8 percent for non-agricultural products in 2024 (latest data available).

Taxes

Value-Added Taxes

BiH applies a standard value-added tax (VAT) rate of 17 percent to most goods and services, including U.S. exports to BiH. BiH rebates VATs duties on exports, including exports to the United States.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY MEASURES

BiH concluded a Stabilization and Association Agreement (SAA) with the European Union (EU) in 2015 and became a candidate country for EU accession in 2022. As a candidate for EU accession, BiH is in the process of implementing most EU trade policies and regulations.

(For further information on the EU’s technical barriers to trade and sanitary and phytosanitary barriers, see the respective subsections in the EU Chapter of this NTE Report.)

OTHER NON-MARKET POLICIES AND PRACTICES

BiH does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and BiH markets from distortions and ensure a fair and secure trading relationship. BiH has not entered into an Agreement on Reciprocal Trade that includes commitments to address distortions caused by such NMPPs. BiH does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about BiH's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. BiH does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in BiH's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within BiH an unfair advantage.

BRAZIL

TRADE SUMMARY

The U.S. goods trade surplus with Brazil was \$14.4 billion in 2025, a 112.8 percent increase (\$7.7 billion) over 2024. U.S. goods exports to Brazil totaled \$54.4 billion in 2025, up 10.7 percent (\$5.2 billion) from 2024. U.S. goods imports from Brazil totaled \$39.9 billion in 2025, down 5.7 percent (\$2.4 billion) from 2024. Total U.S. goods trade (exports plus imports) with Brazil was an estimated \$94.3 billion in 2025. Brazil was the 11th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Brazil was \$26.1 billion in 2025, a 12.8 percent increase (\$3.0 billion) over 2024. U.S. services exports to Brazil totaled \$33.3 billion in 2025, up 12.5 percent (\$3.7 billion) from 2024. U.S. services imports from Brazil totaled \$7.2 billion in 2025, up 11.5 percent (\$743 million) from 2024. Total U.S. services trade with Brazil was an estimated \$40.5 billion in 2025. Brazil was the 12th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Brazil Agreement on Trade and Economic Cooperation

The United States and Brazil signed the Agreement on Trade and Economic Cooperation (ATEC) on March 19, 2011. The ATEC is the primary mechanism for discussions of trade and investment issues between the United States and Brazil.

On February 2, 2022, the United States–Brazil Protocol Regarding Trade Rules and Transparency (Protocol) entered into force. The Protocol updated the ATEC in the areas of anticorruption, good regulatory practices, and trade facilitation and customs administration. Implementation of the Protocol fosters a more transparent economic environment, reduces red tape, and improves regulatory processes.

IMPORT POLICIES

Tariffs

Brazil's average Most-Favored-Nation (MFN) applied tariff rate was 12 percent in 2024 (latest data available). Brazil's average MFN applied tariff rate was 9.0 percent for agricultural products and 12.5 percent for non-agricultural products in 2024 (latest data available). Brazil has bound 100 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 31.4 percent. Brazil's maximum bound tariff rate for non-agricultural products is 35 percent, and its maximum bound tariff rate for most agricultural products is 55 percent.

Brazil is a founding member of the Southern Common Market (MERCOSUR), formed in 1991, which also includes Argentina, Bolivia (which is still in the process of incorporating MERCOSUR's regulations), Paraguay, and Uruguay. The MERCOSUR Common External Tariff (CET) ranges from zero percent to 35.0 percent *ad valorem*. Any good imported into Brazil (not including from free trade zones) is subject to payment of the CET to Brazil's customs authority. If the product is then re-exported to another MERCOSUR country, the CET must be paid again to the second country. MERCOSUR approved a Common Customs Code (CCC) in 2010 and launched a plan to eliminate the double application of the CET within MERCOSUR in 2021. However, only Argentina has ratified the CCC; therefore, it has not yet taken

effect. Although the Brazilian Congress approved the agreement in 2018, it has not been promulgated by the executive branch, which is necessary for ratification.

Brazil imposes relatively high tariffs on imports across a wide range of sectors, including automobiles, automotive parts, information technology and electronics, chemicals, plastics, industrial machinery, steel, and textiles and apparel. In addition, Brazil's bound rates are often much higher than its applied rates, and U.S. exporters face significant uncertainty in the Brazilian market because the government frequently modifies tariff rates within the flexibilities of MERCOSUR. The lack of predictability with regard to tariff rates makes it difficult for U.S. exporters to forecast the costs of doing business in Brazil.

Ethanol Tariff

Between 2011 and 2017, bilateral trade of ethanol between the United States and Brazil, the world's two largest producers and consumers of ethanol, was virtually duty free. However, between September 2017 and January 2022, Brazil imposed first a tariff-rate quota (TRQ) and then the MERCOSUR CET of 20 percent on all imports of ethanol, the vast majority of which the United States supplies. The TRQ and the CET have reduced previously robust bilateral trade of ethanol under duty-free and quota free conditions. Brazil temporarily suspended the tariff, effective March 23, 2022, but that suspension expired on January 31, 2023, when the tariff was reimposed at 16 percent. The tariff then increased to 18 percent in 2024 and remains at that rate through 2025.

Taxes

Brazil imposes a 16.25 percent *ad valorem* Industrial Product Tax (IPI) on cachaça, a domestic distinctive product produced from sugarcane, while imposing a 19.5 percent *ad valorem* IPI on other alcoholic beverages, including imports from the United States.

In audiovisual services, Brazil imposes several taxes on foreign products that it does not apply equally to domestic products.

Brazil imposes a fixed tax on each foreign film released in theaters, foreign home entertainment products, foreign programming for broadcast television, and foreign content and foreign advertising released on cable and satellite channels. The taxes are significantly higher than the corresponding taxes levied on Brazilian products. In addition, 80 percent of the programming aired on "open broadcast" (non-cable) television channels must be Brazilian, and foreign ownership in print media and "open broadcast" television is limited to 30 percent.

Remittances to foreign producers of audiovisual works are subject to a 25 percent income withholding tax. As an alternative to paying the full tax, producers can elect to invest 70 percent of the tax value in local independent productions. In addition, local distributors of foreign films are subject to a tax equal to 11 percent of remittances to the foreign producer or, alternatively, the distributor may invest an amount equal to 3 percent of the total remittances in local independent productions. This levy is also assessed on foreign-produced video and audio advertising.

Value-Added Taxes

In 2023, Brazil passed a comprehensive consumption tax reform that will replace overlapping federal, state, and municipal taxes with a dual value-added system—a federal Contribution on Goods and Services (CBS) and a state or municipal (IBS) value added tax. The implementation schedule is phased between 2026 and 2033. The rates to be applied are still pending congressional approval; however, estimates project a final value-added tax (VAT) (CBS and IBS) of up to 28 percent for most goods and services when fully

implemented, including U.S. exports to Brazil. An additional excise tax, called a Selective Tax (IS), will be applicable to goods and services considered detrimental to health or the environment, including certain vehicles, and alcoholic and sugary beverages. The rates for the IS are also pending congressional approval.

The dual VAT rates will be charged to imports of goods and services in the same manner as they are applied to domestic products. The dual VAT is not applicable to special customs regimes, including export processing zones, and VAT and IS are zero-rated for exports, including exports to the United States.

Non-Tariff Barriers

Import Bans/Restrictions

Brazil restricts the entry of certain types of remanufactured goods (*e.g.*, earthmoving equipment, automotive parts, and medical equipment). Brazil only allows the importation of such goods if an importer can provide evidence that the goods are not or cannot be produced domestically, or if they meet certain other limited exceptions.

With some exceptions, Brazil generally prohibits imports of used consumer goods, including automobiles, clothing, tires, medical equipment, and information and communications technology products.

Import Licensing

Brazil has both automatic and non-automatic import licensing requirements. Brazil's non-automatic import licensing system covers imports of products that require authorization from specific ministries or agencies, such as agricultural commodities and beverages (Ministry of Agriculture, Livestock, and Supply (MAPA)) and pharmaceuticals (National Sanitary Regulatory Agency). A list of products subject to non-automatic import licensing procedures is available on the Secretariat of Foreign Trade's computerized documentation system, but specific information related to non-automatic import licensing requirements and explanations for rejections of non-automatic import license applications are not available. The lack of transparency surrounding these procedures and delays in issuing licenses create impediments to certain U.S. exports.

Customs Barriers and Trade Facilitation

U.S. stakeholders maintain that there are inconsistent documentation requirements for the importation of certain types of goods, such as heavy equipment. These documentation requirements apply even if imports are on a temporary basis and are destined for use in other countries. In January 2022, Brazil changed the documentation requirements for temporary admission of goods, making it difficult to bring samples, equipment, or displays for exhibitions into Brazil without paying significant customs duties.

Non-Cooperation on Duty Evasion

The United States and Brazil do not have a duty evasion cooperation agreement. Lack of such an agreement with a major trading partner like Brazil inhibits legitimate trade, and fails to assist both governments to segment higher risk shipments from third country manufacturers that are transshipped through Brazil. It also undermines efforts to address duty evasion and has a meaningful impact on both U.S. and Brazilian exporters.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Automotive Regulations

Brazil does not fully accept compliance with U.S. automotive standards and testing procedures as sufficient for meeting its domestic requirements, creating barriers for U.S. vehicle and vehicle parts exports to enter the market. Although Brazil accepts compliance with existing U.S. automotive safety standards and regulations, U.S. vehicles must still meet certain Brazilian or United Nations Economic Commission for Europe 1958 Agreement standards, where a U.S. equivalent standard does not exist. In addition, some vehicles must undergo costly and burdensome testing in accredited labs or with government oversight.

Biofuels Regulations

Brazil's national biofuels policy, "RenovaBio," promotes the development and use of biofuels through the creation of a carbon credit market to offset greenhouse gas emissions. Under the program's current rules, the qualification of non-Brazilian producers of biofuels for carbon credits under the program is impractical.

Wine and Alcoholic Beverage Regulations

Brazil requires duplicative documentation for imports of wine and spirits. Technical Regulation No. 75 of December 31, 2019, requires that imported wine have both a certificate of analysis and an import inspection pre-certification report generated by a Brazilian laboratory upon importation.

In October 2024, Brazil notified the WTO of an amendment to standards of identity for derivatives of grapes and wine. The U.S. Government commented in December 2024, and questioned the tolerance levels proposed, definitional clarity for wine, sangria, and wine coolers, and the prohibition of certain ingredients. These comments contribute to a long-standing concern the United States has with this measure, and since 2017, the United States has, along with other wine producing countries, raised concerns in the WTO Committee on Technical Barriers to Trade on various notified proposals that are related to the regulation.

Information and Communication Technology Products

In August 2025, Brazil notified the WTO of its proposed measure on the establishment of restrictions on the use of certain hazardous substances (RoHS). A U.S. stakeholder commented, requesting Brazil to align with other regulatory practices with regard to RoHS regulations. Brazil's proposed documentation requirements are significantly more burdensome than other RoHS regulatory systems, are not aligned with international standards for supplier's declaration of conformity, undermine the protection of confidential business information, and a registrar for administration of the regulation has not yet been established.

Telecommunications Products

Since December 2021, Brazil's telecommunications regulator (ANATEL) has required prior approval for the import of telecommunications products, with limited exceptions. New measures, including Ato No. 18086 which will be effective May 25, 2026, further restrict imports to certificate holders or their legal representatives, mandate inclusion of the ANATEL certificate number in Brazil's Single Import Declaration (DUIMP), and align test sample quantities with approval needs. ANATEL is also integrating its approval data with the customs system (SISCOMEX) and, through Resolution No. 780/2025, has expanded

conformity assessment and homologation obligations (making digital platforms jointly liable for non-compliant products), introduced rules for refurbished devices in public programs, and set new cybersecurity and sustainability standards for data centers.

Plastics for Food Contact

On April 1, 2025 and September 2, 2024, respectively, Brazil notified to the WTO Committee on Technical Barriers to Trade two MERCOSUR proposed technical regulations: (1) related to food-grade post-consumer recycled PCR polyethylene terephthalate (PET) containers (food-grade PCR PET) intended to come into contact with food; and (2) related to cellulosic materials, packaging, and equipment intended to come into contact with food. The United States commented on these proposals on May 5, 2025 and October 21, 2024, respectively. The comments requested technical clarifications and probed Brazil about the specifics of its traceability program for food-grade PCR PET containers. U.S. industry stakeholders are concerned that the regulations could result in unclear, onerous traceability procedures for manufacturers. The measures remain in draft form and are not yet finalized.

Sanitary and Phytosanitary Barriers

Pork

In a Joint Statement issued by the White House on March 19, 2019, the United States and Brazil agreed to science-based conditions to open Brazil's market to U.S. pork. However, Brazil's market remains closed to U.S. fresh and frozen pork due to Brazil's concerns that pork products imported into the United States from the European Union increase risks associated with African Swine Fever. Brazil has not provided scientific evidence to support the ban, and the ban appears inconsistent with the World Organization for Animal Health's international standards. Discussions between the U.S. Department of Agriculture and MAPA are ongoing, but have yet to establish access for U.S. pork exports to Brazil.

GOVERNMENT PROCUREMENT

Although Brazil has taken steps to make its procurement market more transparent, restrictions and domestic preferences remain. For example, Brazilian state enterprises may only subcontract services to a foreign firm if domestic expertise is unavailable and foreign firms may only bid to provide technical services if there are no qualified Brazilian firms. Brazil also requires procurement contracts, particularly in the health and defense sectors, to contain offset requirements for foreign suppliers, which include domestic manufacturing or co-production requirements and technology transfer.

Although Brazil has required offsets for defense trade since the 1970s, in 2023, the Ministry of Defense published the new Defense Technological, Industrial and Commercial Offset Policy—PComTIC Defesa (Ordinance GM-MD No. 3,990, of August 3, 2023), which imposes further obligations to establish cooperation agreements for all imports of defense products worth more than \$50 million. Law 12,598/2012 for Strategic Defense Companies further provides preferential treatment mechanisms for domestic goods and suppliers in defense procurement.

Brazil is not a Party to the WTO Government Procurement Agreement (GPA), but has been an observer to the WTO Committee on Government Procurement since October 2017. Although Brazil applied for accession to the GPA in May 2020, the Brazilian Government withdrew its offer to accede to the agreement on May 30, 2023, noting that it did not want to impose limits on the government's purchasing power.

INTELLECTUAL PROPERTY PROTECTION

Brazil remained on the Watch List in the [2025 Special 301 Report](#). Despite improvements in recent years, such as some enforcement campaigns against online piracy, enforcement challenges continue, including the absence of deterrent-level penalties and high levels of counterfeiting and piracy online and in physical markets. The Rua 25 de Março area in São Paulo is listed in the [2025 Review of Notorious Markets for Counterfeiting and Piracy](#) (Notorious Markets List) for selling counterfeit and pirated goods. Deterrent-level penalties and increased emphasis on enforcement at the tri-border region between Argentina, Brazil, and Paraguay are critical to make sustained progress on these intellectual property concerns. Patent application pendency of more than almost seven years on average (and 9.5 years for pharmaceutical patents granted between 2020 and 2024) has impacted the effective patent term. Also, U.S. pharmaceutical stakeholders remain concerned that Brazilian law and regulations do not provide for protection against unfair commercial use of undisclosed test results and other data generated to obtain marketing approval for pharmaceutical products for human use, although such protection is provided for veterinary and agricultural chemical products. The United States remains concerned about the lack of sufficient transparency and fairness in the protection of geographical indications (GIs) and the need to ensure that the grant of GI protection does not deprive interested parties of the ability to use common names, particularly as Brazil proceeds with the European Union–MERCOSUR Trade Agreement.

SERVICES BARRIERS

Audiovisual Services

Law 12.485 of 2011 imposes screen content quotas on subscription television services by requiring every channel (both satellite and cable) to air at least three and a half hours per week of Brazilian programming during prime time and that one-third of all channels included in any television package be Brazilian. In addition, the law delegates significant programming and advertising regulatory authority to the national film industry development agency, which raises concerns about the impartiality of regulatory decisions.

Brazil also maintains domestic film quotas for theatrical screening and home video distribution.

Express Delivery

The Brazilian Government charges a flat 60 percent duty for all express shipments imported through the Simplified Customs Clearance process. The Simplified Customs Clearance process limits commercial shipments to \$100,000 per importer per year. Moreover, Brazilian Customs has established express delivery maximum per-shipment value limits of \$10,000 for exports and \$3,000 for imports.

Financial Services

Brazil requires authorization from the Central Bank of Brazil and the government for foreign banks and insurers to establish operations in Brazil, including bank branches, using reciprocity or national interest as a basis for determination. Foreign banks may establish subsidiaries, but Brazilian residents must be directly responsible for the administration of the financial institution. To enter Brazil's insurance and reinsurance market, U.S. companies must establish a subsidiary, enter a joint venture, acquire a local firm, or enter a partnership with a local company.

The Central Bank of Brazil created, owns, operates, and regulates Pix, an instant payment platform. U.S. stakeholders have expressed concerns that the Central Bank of Brazil provides preferential treatment to Pix,

that disadvantages U.S. electronic payment services suppliers. The Central Bank mandates the use of Pix by financial institutions with more than 500,000 accounts.

Telecommunications Services

Satellites

Brazil permits Brazilian-owned entities to acquire the exclusive right to operate a satellite and its associated frequencies from specific positions. However, foreign-licensed satellite operators may obtain only a nonexclusive right (a landing right) to provide service in Brazilian territory. ANATEL grants these landing rights for a fixed term of no longer than 15 years, after which the operator must reacquire the landing rights to continue providing services. Foreign operators are also required to pay higher annual landing fees than Brazilian firms.

Other Digitally-Enabled Services and Digital Products

Network Usage Fees

In 2024, ANATEL held public consultations on proposed regulation of “value added services” and digital platforms, including remuneration obligations. In November 2024, the Ministry of Communications (MCOM) Secretary of Telecommunications announced the government would drop consideration of a network fee approach.

Personal Data Protection Regulation

Brazil’s General Law for the Protection of Personal Data (LGPD) restricts the transfer of personal data outside Brazil. The implementing regulations require companies to use National Data Protection Authority (ANPD)-approved Standard Contractual Clauses or other approved mechanisms for international data transfers. However, delayed implementation of some mechanisms has created ongoing uncertainty and operational challenges for businesses. As of August 2025, U.S. companies handling Brazilian personal data must ensure contracts and data protection practices are up to date and that a Data Protection Officer is appointed. The United States continues to encourage Brazil to work with affected U.S. stakeholders to ensure consistent, reasonable enforcement and to resolve outstanding implementation issues.

Regulation of Digital Platforms

In September 2025, Brazil formally submitted Bill 4.675 / 2025 (the “Digital Markets Bill”) to the House of Representatives for legislative consideration. The bill would grant the competition authority, CADE, new powers to designate digital platforms as “systematically relevant” based on qualitative criteria and revenue thresholds. Once designated, firms would face a set of *ex-ante* obligations, including interoperability mandates, and restrictions on certain commercial practices. The Digital Markets Bill designation criteria would disproportionately affect U.S. firms and allow CADE to impose fines of up to 20 percent of global revenue in the relevant line of business with the scope determined by CADE.

OTHER NON-MARKET POLICIES AND PRACTICES

Brazil does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Brazilian markets from distortions and ensure a fair and secure trading relationship. Brazil has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address distortions caused by such NMPPs. Brazil participates in the Global Forum on

Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Brazil's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. Brazil does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Brazil's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Brazil an unfair advantage.

ENVIRONMENT

Illegal Logging and Associated Trade

Illegal logging and trade in illegally harvested timber puts U.S. companies that comply with environmental laws at an unfair advantage, funds transnational criminal organizations, depresses global wood prices, and harms the environment and local communities. U.S. Stakeholders have expressed concerns about illegally harvested timber from Brazil potentially disadvantaging American producers and manufacturers. Studies estimate that nearly 50 percent of the wood harvested in Brazil—and 90 percent of the timber from the Brazilian Amazon—is illegal, driven by a weakening of environmental regulations and law enforcement, commercial agricultural production, and widespread corruption. Public reports note that illegal logging in Brazil primarily involves ipê and other high-value species, including pink and yellow ipê as well as big-leaf mahogany.

Illegal Gold Mining

U.S. stakeholders have expressed concerns about illegal gold mining in Brazil, driven by weak enforcement and limited capacity at the national- and state-levels, and the high profitability of illicit gold. Public reports note that illicit gold is estimated to account for 28 percent of total gold mining activity in Brazil. Illegal mining undercuts U.S. companies that comply with environmental laws and labor standards.

BRUNEI DARUSSALAM

TRADE SUMMARY

The U.S. goods trade deficit with Brunei was \$5.6 million in 2025, a 95 percent decrease (\$105.8 million) over 2024. U.S. goods exports to Brunei totaled \$99.5 million in 2025, down 21.8 percent (\$27.7 million) from 2024. U.S. goods imports from Brunei totaled \$105.2 million in 2025, down 55.9 percent (\$133.5 million) from 2024. Total U.S. goods trade (exports plus imports) with Brunei was an estimated \$204.7 million in 2025. Brunei was the 154th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Brunei Darussalam was \$47 million in 2025, a 487.5 percent increase (\$39 million) over 2024. U.S. services exports to Brunei Darussalam totaled \$89 million in 2025, up 1.1 percent (\$1 million) from 2024. U.S. services imports from Brunei Darussalam totaled \$42 million in 2025, down 47.5 percent (\$38 million) from 2024. Total U.S. services trade with Brunei Darussalam was an estimated \$131 million in 2025. Brunei Darussalam was the 154th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Brunei Trade and Investment Framework Agreement

The United States and Brunei Darussalam (Brunei) signed a Trade and Investment Framework Agreement (TIFA) on December 16, 2002. The TIFA is the primary mechanism for discussions of trade and investment issues between the United States and Brunei.

IMPORT POLICIES

Tariffs

Brunei's average Most-Favored-Nation (MFN) applied tariff rate was 0.5 percent in 2024 (latest data available). Brunei's average MFN applied tariff rate was 0.1 percent for agricultural products and 0.6 percent for non-agricultural products in 2024 (latest data available). Brunei has bound 95.5 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 25.4 percent. Brunei's highest WTO bound tariff rate for non-tobacco products is 50 percent.

Taxes

In May 2023, Brunei expanded its 2017 beverage tax policy to include sweetened or flavored drinks with low sugar content, while excluding some beverages that contain added sugar. Some U.S. industry stakeholders advocate for a tiered tax structure that taxes all sugar-sweetened beverage categories equally on a tiered volumetric basis with respect to sugar content to incentivize reformulation to lower-sugar beverages.

TECHNICAL BARRIERS TO TRADE

Halal Import Requirements

Brunei's Halal Certificate and Halal Label Order Amendment, enacted in May 2017, requires all businesses that produce, import, distribute, or serve food and beverages to obtain a halal certificate from the Islamic Religious Council of Brunei (MUIB) and to renew this certificate annually.

Under Brunei's Halal Meat Act, halal meat can be imported only by a person holding a halal import permit issued by the MUIB and an export permit issued by the exporting country. Prior to export, Bruneian Government inspectors must travel to slaughter facilities in the home country of the exporter to inspect the slaughter and processing operations. U.S. exporters bear the cost of these inspections and site audits. The Bruneian Government maintains a list of the foreign and local slaughtering centers (abattoirs) that have been inspected and declared fit for supplying meat that can be certified as halal. None of the 40 foreign slaughterhouses approved by the MUIB are located in the United States.

OTHER MARKET DISTORTING PRACTICES

Brunei does not impose sufficient measures against market-distorting practices in order to insulate the U.S. and Bruneian markets from these distortions and ensure a fair and secure trading relationship. Brunei has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address these distortions. Brunei does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Brunei's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. Brunei does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Brunei's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Brunei an unfair advantage.

OTHER BARRIERS

Residency Requirement

Under the Companies Act, foreign-owned companies, including U.S. companies, cannot locally incorporate in Brunei unless at least one of two directors of that locally incorporated company is a resident of Brunei. If a foreign-owned company has more than two directors, then at least two must be residents of Brunei. The government may grant an exemption from this requirement, although it had granted none as of December 31, 2025.

Transparency

In Brunei, the decision-making process regarding economic policies and regulations is centralized, including with respect to critical sectors like oil and gas, telecommunications, transportation, and energy generation and distribution. Brunei's centralized decision-making lacks public consultation mechanisms.

Further, significant portions of these industries are owned by or under substantial control of the government. U.S. stakeholders perceive there is a lack of transparency with respect to such state-owned enterprises.

CAMBODIA

TRADE SUMMARY

The U.S. goods trade deficit with Cambodia was \$14.9 billion in 2025, a 21.1 percent increase (\$2.6 billion) over 2024. U.S. goods exports to Cambodia totaled \$370.2 million in 2025, up 16.1 percent (\$51.2 million) from 2024. U.S. goods imports from Cambodia totaled \$15.3 billion in 2025, up 21.0 percent (\$2.7 billion) from 2024. Total U.S. goods trade (exports plus imports) with Cambodia was an estimated \$15.7 billion in 2025. Cambodia was the 113th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Cambodia was \$5 million in 2024 (latest data available), a 90.4 percent decrease (\$47 million) over 2023. U.S. services exports to Cambodia totaled \$256 million in 2024 (latest data available) down 1.9 percent (\$5 million) from 2023. U.S. services imports from Cambodia totaled \$251 million in 2024 (latest data available) up 20.1 percent (\$42 million) from 2023. Total U.S. services trade with Cambodia was an estimated \$507 million in 2024 (latest data available). Cambodia was the 118th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Cambodia Trade and Investment Framework Agreement

The United States and Cambodia signed a Trade and Investment Framework Agreement (TIFA) on July 14, 2006. The TIFA is the primary mechanism for discussions of trade and investment issues between the United States and Cambodia.

The United States–Cambodia Agreement on Reciprocal Trade

Cambodia and the United States signed the Agreement between the United States of America and the Kingdom of Cambodia on Reciprocal Trade (ART) on October 26, 2025. The ART will enter into force once both the United States and Cambodia have notified each other of completion of their respective internal procedures. This NTE Chapter includes an illustrative set of the ART provisions that address identified barriers. The United States will continue to monitor the implementation of the ART.

IMPORT POLICIES

Tariffs

Cambodia has three bands of Most-Favored Nation (MFN) rates: zero percent to 7 percent; 15 percent; and 35 percent. The lowest rate applies to most products in the health and education sectors, and the highest rate applies to most luxury products such as jewelry and cosmetics. Cambodia's average MFN applied tariff rate was 9.4 percent in 2024 (latest data available). The average MFN applied tariff rate was 11.9 percent for agricultural products and 9.0 percent for non-agricultural products. Cambodia has bound 100 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 19.3 percent.

On August 8, 2025, Cambodia issued Sub-Decree No. 139 and Prakas No. 632. Sub-Decree No. 139 established a zero percent customs duty on all non-used goods originating from the United States and directly imported into Cambodia. Prakas No. 632 provided guidance on the implementation of custom duties on goods imported from the United States. Both measures took immediate effect. Under the ART,

Cambodia has agreed to apply zero percent duties to all non-used goods originating from the United States, maintaining the treatment provided for by Sub-Decree 139 and Prakas No. 632.

Prior to the elimination of tariffs on U.S. goods, U.S. exports to Cambodia faced import tariff rates as high as 35 percent, which were imposed on several product categories, including a wide variety of prepared food products, bottled and canned beverages, table salt, paints and varnishes, cosmetic and skin care products, glass and glassware, electrical appliances, cars, furniture, and video games.

Taxes

Value-Added Taxes

Cambodia applies a standard value-added tax (VAT) rate of 10 percent to most goods and services, including U.S. exports to Cambodia. There are exceptions, however, with zero-rated supplies and specific exemptions available for eligible sectors, including public service sector and qualified investment projects (QIPs), as stated in Article 24 of the Law on Investment which is available at Law on Investment—The Council for the Development of Cambodia.

Under the ART, Cambodia has agreed to refrain from imposing any VAT that discriminates against U.S. companies.

Information and Communication Technology

In 2017, the Ministry of Post and Telecommunications (MPTC) issued Sub-decree No. 110 on ICT Licensing Regime specifying the authorization letters, certificates, and licenses needed to import information and communication technology (ICT) equipment into Cambodia. U.S. companies have raised concerns about the Sub-decree's overly broad scope, extensive reporting requirements, and wide-ranging administrative discretion granted to the MPTC. Under Sub-decree 110, the Telecom Regulator of Cambodia (TRC) requires that foreign companies importing ICT products in Cambodia apply for type approval certification of all components regardless of the size or safety risks of the components. Moreover, the TRC requires a local agent to certify type approval applications. The U.S. ICT sector has raised concerns about the excessive time and costs required to get type approval certificates at the component-level, which hinders market access.

GOVERNMENT PROCUREMENT

Government procurement is often not transparent, and the Cambodian Government frequently provides short response times to public announcements of tenders, which are posted on the website of the Ministry of Economy and Finance or other ministries with oversight of the project.

Irregularities in the government procurement process are common, despite a strict legal requirement for audits and inspections. Despite allegations of malfeasance at several ministries, the Cambodian Government has taken little action to investigate irregularities. In May 2023, Cambodia promulgated the Law on Public Procurement to replace a 2012 law, introducing additional provisions to further regulate the management and implementation of all public procurements. U.S. stakeholders have not reported any noticeable changes to government procurement processes.

Cambodia is neither a Party to the WTO Agreement on Government Procurement (GPA), nor an observer to the WTO Committee on Government Procurement.

INTELLECTUAL PROPERTY PROTECTION

Despite efforts to raise intellectual property (IP) awareness, the sale of counterfeit and pirated goods remains commonplace in Cambodian markets, especially those frequented by tourists. Central Market in Phnom Penh is included in the [2025 Review of Notorious Markets for Counterfeiting and Piracy](#) (Notorious Markets List). The rates of signal and cable piracy also remain high, and online sites purveying pirated music, films, electronic books, software, and television shows remain popular. In addition, sales of legitimate film have been negatively affected by the popularity of illegal cinemas that show pirated material. Under the ART, Cambodia has made commitments that will benefit American innovators and creators by enhancing intellectual property protection and prioritizing enforcement against intellectual property theft. This includes joining and fully implementing key international intellectual property treaties and combating notorious markets for counterfeiting and piracy. Cambodia has also agreed to robust standards for transparency and fairness regarding the protection of geographical indications (GIs) and to ensure that U.S. products can continue using terms that have been unfairly protected as GIs.

Various Cambodian authorities that work on IP-related issues include the Interior Ministry's Anti-Economic Crime Police unit; the General Department of Customs and Excise of Cambodia, the Consumer Protection Competition and Fraud Repression Directorate-General; the National Committee for Intellectual Property Rights chaired by Ministry of Commerce; the Ministry of Culture and Fine Arts; and the Department of Industrial Property under the Ministry of Industry, Science, Technology, and Innovation. Some of these institutions have overlapping responsibilities with respect to IP-related enforcement. The Interior Ministry's Cambodia Counter Counterfeit Committee, which previously had cracked down on counterfeit products, transferred that responsibility to the Anti-Economic Crime Police in September 2023. Right holders may pursue legal action on IP-related issues through the local court system, but the judicial process is often bureaucratic and lengthy. Draft legislation to address the protection of trade secrets was under review by the Ministry of Commerce but as of December 31, 2025, had not been passed.

SERVICES BARRIERS

Other Digitally-Enabled Services and Digital Products

Cambodia passed an electronic commerce law in November 2019, which was fully implemented in May 2020. The law governs the conduct of electronic commerce within Cambodia and from overseas. Cambodia's National Assembly passed a sub-decree in February 2021 to establish a National Internet Gateway that would require all Internet traffic to be routed through a single node regulated by a government-appointed operator. Cambodia's implementation of the National Internet Gateway has been paused but not officially cancelled. Both the private sector and human rights organizations have expressed concerns over the effect the National Internet Gateway could have on freedom of expression, online privacy, and online commerce in Cambodia.

Article 23 of Cambodia's draft Personal Data Protection Law restricts the transfer of personal data outside of Cambodia except in specific cases and with prior permission from the Ministry of Post and Telecommunications. Article 23 also does not specify clear conditions or procedures for transferring personal data outside of Cambodia, fragmenting business operations and increasing cybersecurity risks. The ART provides for Cambodia to ensure the free transfer of data across trusted borders for the conduct of business.

INVESTMENT BARRIERS

Cambodia's constitution restricts the foreign ownership of land. A 2010 law allows the foreign ownership of property above the ground floor of a structure, but stipulates that no more than 70 percent of a building may be foreign-owned and that foreigners may not own property within 30 kilometers of the national border. Foreign investors may only own land if the title is held by at least one Cambodian citizen or an entity with at least 51 percent Cambodian ownership.

Foreign investment in movie production, rice milling, and gemstone mining and processing is subject to local equity participation requirements. In June 2025, Cambodia updated its "Investment Negative List", which lists sectors and investment activities that are ineligible for investment incentives under the Law on Investment of the Kingdom of Cambodia, to include electronic cigarette manufacturing, assembly, and installation.

While Cambodia has made significant progress in formalizing its tax regime and increasing tax revenues, some U.S. stakeholders question the General Department of Taxation's tax collection methods, including assessing some organizations with unexplained tax bills and freezing assets for failure to pay purported back taxes. Additional concerns range from surprise tax audits to a lack of stakeholder consultation prior to implementing new tax codes.

OTHER MARKET-DISTORTING PRACTICES

Cambodia does not impose sufficient measures against market-distorting practices in order to insulate the U.S. and Cambodian markets from these distortions and ensure a fair and secure trading relationship. Under the ART, Cambodia has agreed to provisions to address these distortions. Cambodia does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Cambodia's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. Cambodia does not yet have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Cambodia's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Cambodia an unfair advantage. Under the ART, Cambodia has agreed to address various labor-related concerns that the United States has raised and to implement a ban on the importation of goods produced with forced or compulsory labor.

ENVIRONMENT

Cambodia has a complex and overlapping series of legislative and regulatory measures governing environmental protection. In June 2023, after eight years of drafting, the government enacted the Environmental and Natural Resources Code, which aims to enhance environmental safeguards and promote more effective management and conservation of natural resources. Cambodia's environmental legal framework continues to evolve, but persistent challenges remain, particularly with enforcement, corruption, and lack of institutional capacity.

Illegal Logging and Associated Trade

Cambodia was identified as a source country of concern through the U.S. Section 301 investigation regarding Vietnam's acts, policies, and practices related to the import and use of illegal timber, and the subsequent agreement with Vietnam, driven by limited enforcement capacity and widespread corruption. Timber illegally harvested from Cambodia's protected rainforests may be headed to Vietnam for domestic and Chinese markets, as well as made into flooring destined for the United States, potentially disadvantaging American producers and manufacturers in these sectors. An estimated 90 percent of timber production in Cambodia is of illegal origin. Public reports note that highly valuable (often endangered) species—including rosewood, a species listed in Appendix II of the Convention on International Trade in Endangered Species of Wild Fauna and Flora—that are protected under harvest or trade regulations are a key target and at an elevated risk for illegality in Cambodia. Illegal logging and trade in illegally harvested timber puts U.S. companies that comply with environmental laws at an unfair disadvantage, funds transnational criminal organizations, depresses global wood prices, and harms the environment and local communities. Under the ART, Cambodia has agreed to take measures to strengthen forest sector governance and to cooperate with the United States to prevent trade in illegally harvested forest products.

Illegal Wildlife Trade and Associated Crimes

Wildlife trafficking is a serious transnational crime that threatens security and economic prosperity. Cambodia is a source, transit point, and consumer of wildlife trafficking products or their derivatives. The Cambodian Government is also known to be actively engaged in or knowingly profits from trafficking of endangered or threatened species. Cambodia is one of the largest exporters of macaque monkeys, mostly to be used as lab specimens. Additionally, species such as elephants, tigers, pangolins, and seahorses are the focus of demand, driven by their use in traditional Chinese medicine, and regularly trafficked through Cambodia as a transit hub. Under new Prime Minister Hun Manet, there has been some government action toward addressing these issues, but problems remain. Weak penalties for wildlife crimes, as well as poor environmental law enforcement and corruption, facilitate this illicit activity. Illegal wildlife trade undercuts legitimate U.S. businesses, for example, in the pet, fashion, and medical research sectors, that comply with strict regulations and sustainable practices, and contaminates global supply chains, which may be riddled with illicit products that can ultimately reach U.S. consumers. Under the ART, Cambodia has agreed to take measures to combat, and cooperate to prevent, the trade of wild fauna and flora that were taken or traded in violation of its law or another applicable law.

OTHER BARRIERS

Transparency

Despite the Cambodian Government's calls for public consultation on new draft regulations in recent years, some businesses have raised concerns with the lack of opportunity for meaningful stakeholder engagement. Some U.S. stakeholders have also expressed concerns regarding the short notice and lack of detailed public comment procedures for proposed laws and regulations. Under the ART, Cambodia has agreed to adopting and implementing good regulatory practices at the central level of government, including conducting public consultations for proposed regulatory actions in a transparent manner and allowing adequate time for meaningful stakeholder engagement.

Foods and health-related products are commonly regulated by multi-ministerial regulations called Joint-Prakas and are subject to review and approval by relevant ministries listed in the Joint-Prakas for aspects ranging from a product's registration to its sale. U.S. businesses have voiced concerns about a lack of clarity on each ministry's authority under the Joint-Prakas.

Bribery and Corruption

Both foreign and local businesses have identified corruption in Cambodia as a major obstacle and a deterrent to investment. Cambodia's judiciary is viewed as one of the country's most corrupt institutions. In 2010, Cambodia adopted anticorruption legislation and established a national Anti-Corruption Unit (ACU) to undertake investigations, implement law enforcement measures, and conduct public outreach. Enforcement, however, remains inconsistent. U.S. businesses have noted that signing an anticorruption memorandum of understanding with the ACU has helped them to avoid paying "facilitation payments." However, businesses have noted that they still encounter red tape in obtaining licenses and permits.

Cambodia published official fees for all public services in 2012 in an effort to combat "facilitation payments;" however, that publication has not been updated, making it difficult to determine current public service fees. Some ministries publish service fees on their official websites, and others do not. On June 22, 2023, Cambodia rolled out the third phase of an online business registration platform, which aimed to eliminate the need for cash payments and to reduce overall fees for public services. Despite covering more than 20 ministries and state-run institutions, the platform still does not cover all ministries and relevant agencies. Under the ART, Cambodia agreed to publishing and regularly updating official fees for public services covering all ministries and relevant agencies.

CANADA

TRADE SUMMARY

The U.S. goods trade deficit with Canada was \$46.4 billion in 2025, a 25.1 percent decrease (\$15.5 billion) over 2024. U.S. goods exports to Canada totaled \$336.5 billion in 2025, down 3.8 percent (\$13.4 billion) from 2024. U.S. goods imports from Canada totaled \$383.0 billion in 2025, down 7.0 percent (\$28.9 billion) from 2024. Total U.S. goods trade (exports plus imports) with Canada was an estimated \$719.5 billion in 2025. Canada was the 2nd largest U.S. goods export market in 2025.

The U.S. services trade surplus with Canada totaled \$28.9 billion in 2025, a 13.1 percent decrease (\$4.4 billion) over 2024. U.S. services exports to Canada totaled \$89.6 billion in 2025, down 0.8 percent (\$715 million) from 2024. U.S. services imports from Canada totaled \$60.7 billion in 2025, up 6.4 percent (\$3.7 billion) from 2024. Total U.S. services trade with Canada was an estimated \$150.2 billion in 2025. Canada was the 2nd largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Mexico–Canada Agreement

The United States–Mexico–Canada Agreement (USMCA) entered into force on July 1, 2020. The USMCA sought to rebalance and modernize the North American Free Trade Agreement to include more robust rules of origin, strong, enforceable labor and environmental obligations, provisions to combat non-market practices, and provisions covering small and medium-sized enterprises (SMEs).

Article 34.7.1 of the USMCA provides that the Agreement must terminate 16 years after the date of entry into force, unless each Party confirms that it wishes to continue the Agreement for a new 16-year term. Pursuant to Article 34.7.2 of the USMCA, the United States, Mexico, and Canada will meet on the sixth anniversary of entry into force (*i.e.*, July 1, 2026) to conduct a Joint Review of the operation of the USMCA, evaluate any recommendations for action submitted by a Party, and decide on any appropriate actions.

IMPORT POLICIES

Taxes

Value-Added Taxes

Canada applies the Goods and Services Tax (GST), a form of a federal value-added tax (VAT), at a rate of 5 percent to most goods and services, including U.S. exports to Canada. By meeting certain requirements, Canada charges no GST or rebates GST duties on Canadian exports, including exports to the United States. The GST does not apply to shipments imported by mail valued up to CAD 20 (approximately \$14) from any country or shipments imported by courier valued up to CAD 40 (approximately \$29) from the United States and Mexico.

Non-Tariff Barriers

Agricultural Supply Management

Canada uses supply-management systems to regulate its dairy, chicken, turkey, and egg industries. Canada's supply-management system involves production quotas, producer-marketing boards to regulate price and supply, and tariff-rate quotas (TRQs) for imports. Canada's supply-management system severely limits the ability of U.S. producers to increase exports to Canada above TRQ levels and increases the prices that Canadians pay for dairy and poultry products. Under the current system, U.S. imports above quota levels are subject to prohibitively high tariffs (*e.g.*, 245 percent for cheese and 298 percent for butter).

The USMCA expanded market access opportunities for dairy products through TRQs exclusively for U.S. products. Canada has also opened TRQs for U.S. chicken and U.S. eggs and egg products. In addition, Canada expanded market access for U.S. turkey. Canada and the United States also agreed to strong rules to ensure TRQs are administered fairly and transparently to help ensure exporters benefit from the full market access negotiated in the USMCA.

The United States requested and established two dispute settlement panels under the USMCA (in May 2021 and January 2023), challenging Canada's allocation measures for its USMCA dairy TRQs. Canada made changes to its dairy TRQ allocation measures following the release of the first panel report in January 2022, but the United States rejected those changes as a basis to resolve the dispute. In November 2023, the second USMCA dispute settlement panel found that Canada's measures are not inconsistent with the USMCA provisions cited by the United States. The United States continues to press Canada on U.S. concerns with Canada's: (i) exclusion of retailers, food service operators, and other entities from eligibility for Canada's USMCA dairy TRQs; (ii) use of a market-share approach for determining TRQ allocations, which applies different criteria for different segments of applicants; (iii) failure to allow importers the opportunity to fully utilize TRQ quantities; and (iv) 12-month activity requirements on TRQ applicants and recipients. The United States remains committed to securing the market access benefits that Canada committed to under the USMCA and Canada's full compliance with its USMCA obligations.

The United States also remains concerned about potential Canadian actions that would further limit U.S. dairy exports to Canada and continues to monitor closely any tariff reclassifications of dairy products to ensure that U.S. market access is not negatively affected.

Pharmaceutical Pricing Practices

Canada's Patented Medicine Prices Review Board (PMPRB)—which is responsible for reviewing the prices of patented medicines and ordering reductions or refunds for prices it deems excessive—excludes the United States and Switzerland from its reference basket when analyzing comparator country pricing. U.S. industry stakeholders have raised concerns that the PMPRB's reference basket artificially devalues innovative medicines in Canada.

Customs Barriers and Trade Facilitation

On October 21, 2024, the Canadian Border Services Agency (CBSA) officially launched the CBSA Assessment and Revenue Management (CARM) system to assess and collect duties and taxes for commercial goods imported into Canada. The new system requires importers of record to register in the CARM Client Portal and post a financial security with the CBSA. Previously, these steps could be taken by a customs broker on behalf of an importer. Transition measures that allowed commercial importers who were not registered to rely on their customs broker until they could finalize their own registration ended on

January 1, 2026. U.S. exporters have called for permanent exceptions or accommodations to the registration and financial security requirements for small and infrequent importers, especially non-resident importers.

Many U.S. exporters to Canada previously relied on the “Non-Resident Importer” program to obtain “Release Prior to Payment.” Release Prior to Payment allows goods to physically clear customs while duties and tax payments are being calculated, in compliance with Canada’s World Trade Organization (WTO) Trade Facilitation Agreement commitments. With the launch of CARM and the end of the transition period, goods are held at customs until payment is made unless an importer has set up an account in the CARM Client Portal and posted a financial security or cash deposit with CBSA. Early implementation of CARM led to a number of issues for U.S. exporters, including express shipments piling up at the U.S. border because Canadian and non-resident importers were unaware of the need to register in CARM. System outages still pose a problem for those seeking to use the CARM system, whether to register or to file corrections. U.S. exporters are also concerned about reports that the customs data submitted in the CARM system is not stored in a government-owned or -monitored system. The United States will continue to monitor this situation.

Other Market Access Barriers

Milk Classes

Canada establishes discounted prices for milk components provided to domestic manufacturers of dairy products used in processed food products under the Special Milk Class Permit Program (SMCPP). These prices are “discounted,” as they are lower than regular Canadian milk class prices for manufacturers of dairy products and pegged to U.S. prices or world prices. An agreement reached between Canadian dairy farmers and processors in 2016 introduced a new national milk class (Class 7), with discount pricing for a wide range of Canadian dairy ingredients used in dairy products, to decrease imports of U.S. milk protein products into Canada and increase Canadian exports of skim milk powder into third country markets. Provincial milk marketing boards (agencies of Canada’s provincial governments) began implementing Class 7 in 2017.

Under the USMCA, Canada committed to eliminate Class 7 within six months of entry into force. Canada also agreed under the USMCA that the price for nonfat milk solids used to manufacture skim milk powder, milk protein concentrate, and infant formula would be no lower than a level based on the U.S. Department of Agriculture price for nonfat dry milk. Canada must apply charges to exports of skim milk powder, milk protein concentrate, and infant formula in excess of thresholds specified in the USMCA. Transparency provisions obligate Canada to provide information to monitor compliance with these commitments.

However, U.S. stakeholders have reported continued concerns with Canada’s milk class pricing and dairy exports. Following receipt on April 23, 2025, of a request from the U.S. Trade Representative, the U.S. International Trade Commission (Commission) instituted an investigation on the competitiveness in the global market of a variety of products containing high levels of nonfat solids from milk. The Commission’s report, *Nonfat Milk Solids: Competitive Conditions for the United States and Major Foreign Suppliers*, which is expected by April 2026, will inform USTR’s approach to Canada’s milk class pricing and dairy exports.

Ministerial Exemptions

Canada prohibits bulk imports of fresh fruits and vegetables in packages exceeding certain sizes (typically 50 kilograms) unless Canada grants a ministerial exemption. To obtain an exemption, importers must demonstrate that the supply of a product in the domestic market is insufficient. The import restrictions apply to all fresh produce in bulk containers if grade names are established in the respective regulations.

There are no restrictions on bulk imports of horticultural products without prescribed grade names. In addition, Canadian regulations on fresh fruit and vegetable imports prohibit consignment sales of fresh fruit and vegetables in the absence of a prearranged buyer.

The 2007 Technical Arrangement Concerning Trade in Potatoes between the United States and Canada is designed to provide U.S. potato producers with predictable access to Canadian ministerial exemptions.

Wine, Beer, and Spirits

Most Canadian provinces have province-run liquor control boards, which are the sole authorized sellers of wine, beer, and spirits in those provinces. Market access barriers imposed by Canadian provincial liquor control boards greatly hamper exports of U.S. wine, beer, and spirits to Canada. These barriers include cost-of-service mark-ups, restrictions on listings (products that the liquor board will carry), reference prices (either the maximum prices the liquor board is willing to pay or the prices below which imported products may not be sold), label requirements, discounting policies (requirements that suppliers must offer rebates or reduce their prices to meet sales targets), and distribution policies.

As of December 31, 2025, with the exception of Alberta and Saskatchewan, provincial and territorial liquor control boards have ceased distributing U.S. alcohol beverages to retailers, restaurants, and other businesses, and ceased purchasing U.S. alcohol beverages for sale in liquor control board stores. The United States continues to raise serious concerns regarding these actions and to press Canada to ensure that U.S. alcohol beverages immediately and permanently return to all provincial and territorial markets.

Energy

The Alberta Electric System Operator (AESO) has made little progress in improving points of access to the Alberta energy market for Montana energy producers. Stakeholders continue to assert that equally priced power generated in Montana is deprioritized to benefit Alberta power producers. The United States will continue to monitor this issue, as well as Alberta's ongoing power market reforms.

Regulatory Approval of Aircraft

Stakeholders have raised concerns regarding the regulatory process and timelines associated with aircraft validation in Canada. Despite the longstanding bilateral aviation safety agreement between Transport Canada Civil Aviation (TCCA) and the U.S. Federal Aviation Administration (FAA), U.S. aerospace manufacturers have experienced long timelines in obtaining the necessary approvals from TCCA that are required to export some products to Canada, including lags between FAA certification and TCCA validation. The United States seeks to resolve these concerns.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Cosmetics Regulations

The United States raised concerns about Canada's amendment to a regulation concerning the disclosure of cosmetic ingredients during 2025. While the regulation was finalized in 2025, the requirements for disclosure of fragrance allergens were not set to go into effect until April 12, 2027. U.S. industry raised concerns that the measure's information requirements were novel and exceedingly stringent for allergen

disclosure, while questions remained about the availability of some information if a cosmetic manufacturer relied on a third-party supplier to provide ingredients. The United States raised these concerns continually with Canada in 2025, until Canada revised its regulatory approach and resolved these concerns.

Compositional Standards for Cheese

Canada's regulations on compositional standards for cheese limit the amount of dry milk protein products that can be used in cheese making, reducing the demand for U.S. dry milk protein products. The United States continues to monitor these regulations for any changes that could have a further adverse impact on U.S. dairy product exports.

Zero Plastic Waste Agenda

In 2018, Canada announced a comprehensive agenda to achieve zero plastic waste by 2030. As part of this agenda, Canada is developing a range of measures ostensibly intended to prevent plastic pollution and improve circularity within the Canadian market, including extended producer responsibility, minimum recycled content, compostability and recyclability labeling, and restrictions on the use of single use plastics. U.S. industry is concerned that, without viable alternatives for plastic packaging, Canada's proposed requirements could compromise food safety, increase food loss and waste, and restrict U.S. agricultural exports. Canada also maintains a plastics registry to collect information on the lifecycle of plastics in the market. U.S. industry seeks clarity on the responsibility of the reporting requirements and has expressed concerns regarding potential duplication with provincial level requirements. The United States continues to work closely with Canada to encourage the use of science-based approaches to address plastic pollution, including consideration of technological limitations and environmental sustainability of alternatives to plastics. The United States bilaterally raised these measures throughout 2025 on the margins of WTO Committee on Technical Barriers to Trade meetings.

Risk Management Approach for Per- and Polyfluoroalkyl Substances

In March 2025, Canada published its State of per- and polyfluoroalkyl substances (PFAS) report and Risk Management Approach for PFAS, excluding fluoropolymers. The Risk management approach outlines risk management actions Canada is considering for managing PFAS, including a proposed three-phase prohibition on certain uses of PFAS. Phase 1 would target the use of PFAS not currently regulated in firefighting foams, Phase 2 would target the use of PFAS in certain consumer applications where alternatives are known to exist, and Phase 3 would target uses of PFAS where there may not be feasible alternatives and further evaluation is needed. Canada held a public consultation on Phase 1 of the proposed prohibition between September and November 2025, and the proposed measure is expected by Spring 2027. U.S. industry has raised concerns about Canada's treatment of PFAS as a class, given the different hazard profiles of these substances, and the lack of reference to prior chemical assessments in the State of PFAS report. The United States will continue to track developments of Canada's PFAS risk management measures.

Sanitary and Phytosanitary Barriers

Restrictions on U.S. Seeds Exports

For many major field crops, Canada's Seeds Act generally prohibits the sale or advertising for sale in Canada—or import into Canada—of any variety of seed that is not registered with Canada's Food Inspection Agency (CFIA). Canada's variety registration gives the CFIA an oversight role in maintaining and improving quality standards for grains in Canada. The United States is concerned, however, that the variety registration system is slow and cumbersome and disadvantages U.S. seed and grain exports to

Canada. Under the Canada Grain Act, only grain of varieties produced from seed of varieties registered under the Seeds Act may receive a grade higher than the lowest grade allowable in each class. The USMCA includes a commitment to discuss issues related to seed regulatory systems. In January 2021, the CFIA began seed regulatory modernization efforts. It aims to publish draft amendments to the Seeds Regulations in the Canada Gazette, Part I for comment in 2026. The United States will continue to discuss with Canada steps to modernize and streamline Canada’s variety registration system.

GOVERNMENT PROCUREMENT

Canada is a Party to the WTO Agreement on Government Procurement (GPA).

Buy Canadian Policy

Canada began implementing the first stage of its Buy Canadian policy on December 16, 2025, requiring contracts valued at CAD 25 million (approximately \$18 million) or more to prioritize Canadian businesses and materials. The first stage also mandates the use of Canadian-produced steel, aluminum, and wood products in large federal construction and defense projects of CAN \$25 million or more. Additional implementation stages are expected to expand these requirements on contracts valued at CAN \$5 million (approximately \$3.6 million) or more by Spring 2026. U.S. companies have reported concerns regarding additional barriers to compete for federal contracts in Canada, including being forced to share information about their Boards of Directors and prove their Canadian subsidiary’s independence from the U.S. parent company.

Removal of Procurement Access

Beginning in March 2025, three Canadian provinces—Ontario, Quebec, and British Columbia—implemented regulations or policies that discriminate against or require procuring entities to exclude U.S. businesses from tenders. These policies and regulations range from price penalties on bids from U.S. businesses to complete prohibitions on procurement from U.S. suppliers.

Through bilateral and multilateral engagement, the United States continues to raise concerns regarding these actions and for Canada to ensure that all provincial and federal procurement policies and regulations are implemented consistently with Canada’s international procurement commitments in the WTO GPA.

Sovereign Cloud Initiative

In August 2025, Shared Services Canada published a Request for Information (RFI) seeking feedback on a proposal for government purchase of cloud services, which would require that all data be processed, transmitted, and stored exclusively in Canada. In addition, the proposal would require that all data be, “under the control of cloud service providers, up to and including their ultimate parent corporations, that are not subject to foreign laws that permit foreign governments to obtain access to Canada’s data without Canada’s prior written consent.”

INTELLECTUAL PROPERTY PROTECTION

Canada remained on the Watch List in the [2025 Special 301 Report](#). Canada’s commitments under the USMCA are designed to significantly improve Canada’s intellectual property (IP) environment, addressing areas of longstanding concern, including enforcement against counterfeit goods and online piracy, inspection of goods in-transit, transparency with respect to new geographical indications (GIs), and the broad interpretation of the fair dealing exception for the purpose of education. With respect to GIs, the

United States remains highly concerned about countries' negotiating product-specific IP outcomes as a condition of market access from the European Union and reiterates the importance of each individual IP right being independently evaluated on its individual merits. Poor enforcement with respect to counterfeit or pirated goods at the border and within Canada remains a concern. The Pacific Mall in Toronto is listed in the [2025 Review of Notorious Markets for Counterfeiting and Piracy](#) (Notorious Markets List) for selling pirated and counterfeit goods. With respect to patent term extensions for unreasonable marketing approval delays, stakeholders have raised concerns on the limited duration, eligibility, and scope of protection in Canada's system. Stakeholders have also expressed concerns that Canada provides patent term extensions for unreasonable patent office delays and patent term extensions for unreasonable marketing approval delays in a concurrent manner.

SERVICES BARRIERS

Audiovisual Services

For cable television and direct-to-home broadcast services, more than 50 percent of the channels received by subscribers must be Canadian channels. Non-Canadian channels must be preapproved ("listed") by the Canadian Radio-television and Telecommunications Commission (CRTC). Alternatively, non-Canadian channels can become Canadian by ceding majority equity control to a Canadian partner, as some U.S. channels have done. Foreign channels are prohibited from owning video distribution infrastructure in Canada.

Canada permits Canadian cable and satellite suppliers to pick up the signals of U.S. stations near the border and redistribute them throughout Canada without U.S. broadcasters' consent. Content owners can apply for compensation for the use of such content in Canada from a statutorily mandated fund into which Canadian cable and satellite suppliers pay. U.S. broadcasters consider this compensation to be insufficient and have sought the right to negotiate the carriage of their signals on commercially set rates and terms, as can be done in the United States.

Online Streaming

The Online Streaming Act, passed in April 2023, amended the Broadcasting Act to give the CRTC authority to impose conditions on the operation of online streaming platforms. CRTC regulations issued in June 2024 require certain streaming services to contribute annually 5 percent of their Canadian revenues to support the Canadian broadcasting system, beginning in the broadcast year 2024 to 2025. The rules include criteria that, based on available information, may effectively exclude Canadian streaming services from the new obligations. In August 2025, U.S. companies made the first payments required under the Online Streaming Act. In November 2025, the CRTC issued new requirements under the Act to promote and prioritize Canadian content on streaming services. The United States will closely monitor the implementation of the Act and any USMCA implications.

Discoverability of French-Language Cultural Content

On December 11, 2025, the National Assembly of Quebec unanimously adopted Bill 109, which requires streaming services and device manufacturers to promote and prioritize French-language content for Quebec users and could impose a separate investment and discoverability obligation at a sub-national level for content in French. The United States will closely monitor the implementation of the Bill and any USMCA implications.

Other Digitally-Enabled Services and Digital Products

Digital Services Taxation

On June 20, 2024, Canada enacted a digital services tax (DST), imposing a 3 percent levy on certain gross revenues relating to online marketplaces, online targeted advertising, social media platforms, and user data. The DST entered into force on June 28, 2024. Canada's DST was retroactive to January 1, 2022, and companies were required to remit payments starting on June 30, 2025. The DST applied to taxpayers with annual global revenues of €750 million (approximately \$833 million) or more and Canadian digital services revenue of more than CAD \$20 million (approximately \$14 million). In August 2024, the United States requested consultations with Canada under USMCA Chapter 31 concerning the DST.

On June 29, 2025, Canada announced it would “soon bring forward legislation to formally rescind the DST” and halted the collection of its DST. On September 13, 2025, Canada's Minister of Finance and National Revenue committed to bring forward legislation at the earliest opportunity to repeal the DST, with retroactive effect as of June 20, 2024, the date of its original enactment. This legislation would also provide that DST payments received by the Canada Revenue Agency would be refunded with interest, at the rate generally applicable to corporate tax refunds, payable from the day the payment was received. On November 18, 2025, Canada introduced the formal repeal of the DST in its annual budget implementation bill. As of December 31, 2025, the DST had not been repealed.

Mandatory Bargaining Code

On June 22, 2023, the Canadian Government passed the Online News Act (Bill C-18). Under the Act, designated platform services companies are required to engage in negotiations with Canadian news providers to pay the news businesses for content accessed via certain services offered on the companies' digital platforms. The Act gives the CRTC new powers to regulate the Canadian news industry, including determining who is a journalist and what is an eligible news business, and calculating compensation. The United States continues to monitor this issue.

OTHER NON-MARKET POLICIES AND PRACTICES

Canada does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Canadian markets from distortions and ensure a fair and secure trading relationship. Canada has not yet made sufficient commitments to address distortions caused by such NMPPs but continues to work on this issue. Canada participates in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

Canada has adopted measures intended to stop the importation of products produced using forced labor (Customs Tariff and Fighting Against Forced Labour and Child Labour in Supply Chains Act). However, it does not appear that Canada is effectively enforcing its forced labor import prohibition, meaning goods made with forced labor may be able to enter and compete in Canada's market. This issue may artificially suppress costs, including labor costs, which may give certain goods from and within Canada an unfair advantage.

CHILE

TRADE SUMMARY

The U.S. goods trade surplus with Chile was \$163.5 million in 2025, a 91 percent decrease (\$1.6 billion) over 2024. U.S. goods exports to Chile totaled \$19.1 billion in 2025, up 4.9 percent (\$889.0 million) from 2024. U.S. goods imports from Chile totaled \$19.0 billion in 2025, up 15.4 percent (\$2.5 billion) from 2024. Total U.S. goods trade (exports plus imports) with Chile was an estimated \$38.1 billion in 2025. Chile was the 26th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Chile was \$3.7 billion in 2025, a 16.9 percent increase (\$536 million) over 2024. U.S. services exports to Chile totaled \$8.3 billion in 2025, up 3.5 percent (\$285 million) from 2024. U.S. services imports from Chile totaled \$4.6 billion in 2025, down 5.1 percent (\$251 million) from 2024. Total U.S. services trade with Chile was an estimated \$13 billion in 2025. Chile was the 28th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Chile Free Trade Agreement

The United States–Chile Free Trade Agreement (FTA) entered into force on January 1, 2004. Under the FTA, as of January 1, 2015, Chile provides duty-free access to all U.S. exports. The United States continues to have significant concerns with Chile’s failure to implement fully some FTA commitments on protection and enforcement of intellectual property (IP) rights. The United States and Chile meet regularly to review the implementation and functioning of the FTA and to address outstanding issues.

IMPORT POLICIES

Taxes

Value-Added Taxes

Chile applies a standard value-added tax (VAT) rate of 19.0 percent to most goods and services, produced domestically or imported, including U.S. exports to Chile. Chile rebates VAT duties on inputs for exports, including exports to the United States.

New regulations on the tax treatment of international purchases in Chile entered into force in October 2025. Chile eliminated a VAT exemption that applied to goods imports valued at less than \$41. Foreign electronic commerce platforms must collect VAT on cross-border sales of up to \$500. For sales exceeding \$500, the buyer must declare and pay the customs authority the corresponding VAT.

TECHNICAL BARRIERS TO TRADE

Energy Efficiency Standard for Vehicles

In May 2025, Chile notified the World Trade Organization (WTO) of its proposed regulation for the establishment of an energy efficiency standard for medium-duty motorized vehicles. U.S. stakeholders provided comments to Chile in July 2025 with concerns that Chile’s proposed regulations would establish standards unique to Chile that are not fully aligned with international practice and unnecessarily restrictive.

Labels on Foods Containing Sweeteners

In June 2024, Chile proposed modifications to Supreme Decree 977/96 regarding the precautionary labels for foods containing sweeteners. The United States and U.S. stakeholders commented on the proposed regulation in August 2024. Information about the proposed changes was published by the U.S. Department of Agriculture in a Global Agriculture Information Network Report in November 2024. The United States raised questions about the proposed label with Chile in December 2024. In April 2025, Chile responded favorably to the U.S. comments on Supreme Decree 977/96. As of December 31, 2025, the final text was in legal review before publication.

Labels for Short-Range Devices

In June 2024, Chile proposed a regulation for short-range devices (*e.g.*, Bluetooth headphones, smartwatches). A U.S. stakeholder submitted comments on the measure through the U.S. Technical Barriers to Trade (TBT) Enquiry Point in August 2024, September 2024, and again in October 2025. As of December 31, 2025, the regulation is final and included in Resolution 737/2025. Stakeholders must have complied by February 22, 2026. U.S. stakeholder concerns remain about Quick Response Code labeling and how the country-specific label may lead to increased environmental waste as a result of country-specific packaging. U.S. industry has requested additional time to allow for the sale of products already in the market.

Single-Use Plastics and Plastic Bottles

In March 2024, Chile proposed regulations implementing Law 21.368 to address plastic pollution from single-use plastics and plastic bottles. The proposal required, among other things, that disposable plastic bottles include a percentage of domestically sourced recycled plastic, stipulated how such recycled content would be measured, and mandated that recycled plastic content be certified by a competent authority. From 2024 through 2025, the United States engaged Chile via the FTA TBT Committee and the WTO Committee on Technical Barriers to Trade meetings to request that Chile: allow the measurement of recycled content in aggregate rather than per bottle; offer flexibility for imports of recycled plastic in specific circumstances; allow foreign third-party certifiers to verify compliance; and provide a sufficient transition period to comply. Chile notified the WTO that the final regulation was issued on January 7, 2026. On March 4, 2026, Chile delayed by six months publication of its implementation guidance. Chile's final regulation resolved all major concerns, and the United States continues to engage Chile on the outstanding implementation guidance to ensure Chile addresses the remaining, more minor uncertainties.

Prioritization and Risk Procedures for Chemicals

In January 2024, Chile proposed prioritization and risk procedure for chemical substances of interest. The draft resolution would approve the procedure for the prioritization and selection of chemical substances of interest, as well as the procedure for evaluating the risks of their use to human health and the environment. The results of these assessments may inform the Chilean Government's development of new regulations for chemicals. A U.S. stakeholder commented on the proposal in March 2024, and expressed concerns about a lack of confidential treatment of certain business information, requested to exclude substances solely intended for export, requested the modification of definitions, and made other recommendations. In August 2024, Chile responded publicly to the comments, indicating that some U.S. industry comments were accepted. The U.S. stakeholder remains concerned that the resolution is not clear with respect to the protection of confidential business information that industry may be required to provide, potentially leading U.S. companies to leave the market to avoid putting their intellectual property at risk. The United States raised the remaining concerns in a December 2024 Chile FTA TBT Committee meeting.

INTELLECTUAL PROPERTY PROTECTION

Chile remained on the Priority Watch List in the [2025 Special 301 Report](#). Chile has made some progress, such as modernization efforts by the National Institute of Industrial Property, which has resulted in a reduction of trademark and patent application pendency, and the National Customs Service nearly doubling the number of counterfeit products seized in enforcement actions. In September 2024, the National Congress of Chile approved a side letter under the FTA regarding market access to Chile for a number of U.S. cheese and meat products and how Chile will treat prior users of certain terms for cheeses with respect to the European Union-Chile Interim Trade Agreement. The United States continues to have serious concerns regarding Chile's implementation of a number of IP provisions under the FTA. Longstanding concerns remain about protections against the unlawful circumvention of technological protection measures, failure to ratify the 1991 Act of the International Convention for the Protection of New Varieties of Plants (UPOV 1991), and an ineffective Internet service provider liability regime that has failed to promote effective and expeditious action against online piracy. The United States also continues to urge Chile to address certain aspects of its FTA commitments on satellite piracy. Concerns also remain regarding a lack of copyright enforcement efforts by the Chilean authorities. In addition, pharmaceutical stakeholders continue to raise concerns about the efficacy of Chile's system for resolving patent issues expeditiously in connection with applications to market pharmaceutical products and over the provision of adequate protections against unfair commercial use, as well as unauthorized disclosure, of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products.

SERVICES BARRIERS

On March 15, 2025, Chile published Law 21.735, which reformed Chile's private sector-based pension system through a series of gradual, ongoing changes. U.S. industry remains concerned about how certain provisions in the law will be implemented, including provisions that mandate pension fund administrators to auction 10 percent of their customer stock every two years. The United States continues to encourage Chile to consult with all relevant U.S. stakeholders as it implements the pension system reform and to ensure that any changes are consistent with Chile's trade commitments.

Other Digitally-Enabled Services and Digital Products

Chile published its Data Protection Law in December 2024. The law requires any countries receiving data to demonstrate "adequate" levels of data protection comparable to privacy standards in Chile. In the absence of a determination on a country's data protection standards, companies are required to use approved contractual clauses to transfer data. U.S. stakeholders have expressed concerns that the guidelines for using contractual clauses are unclear and the lack of clear definitions for key concepts is creating uncertainty for companies.

OTHER NON-MARKET POLICIES AND PRACTICES

Chile does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Chilean markets from distortions and ensure a fair and secure trading relationship. Chile has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address distortions caused by such NMPPs. Chile does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Chile's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. Chile does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Chile's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Chile an unfair advantage.

CHINA

TRADE SUMMARY

The U.S. goods trade deficit with China was \$202.1 billion in 2025, a 31.6 percent decrease (\$93.4 billion) over 2024. U.S. goods exports to China totaled \$106.3 billion in 2025, down 25.8 percent (\$36.9 billion) from 2024. U.S. goods imports from China totaled \$308.4 billion in 2025, down 29.7 percent (\$130.4 billion) from 2024. Total U.S. goods trade (exports plus imports) with China was an estimated \$414.7 billion in 2025. China was the 3rd largest U.S. goods export market in 2025.

The U.S. services trade surplus with China was \$33.4 billion in 2025, a 0.6 percent increase (\$190 million) over 2024. U.S. services exports to China totaled \$56.7 billion in 2025, up 3 percent (\$1.6 billion) from 2024. U.S. services imports from China totaled \$23.3 billion in 2025, up 6.6 percent (\$1.4 billion) from 2024. Total U.S. services trade with China was an estimated \$80.0 billion in 2025. China was the 5th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

In January 2020, the United States and China signed the Economic and Trade Agreement Between the Government of the United States of America and the Government of the People's Republic of China, commonly referred to as the Phase One Agreement. This agreement includes commitments by China to improve market access for the United States in the agriculture and financial services sectors, refrain from problematic policies and practices related to intellectual property (IP) and forced technology transfer, and increase its purchases of certain U.S. goods and services.

While China followed through in implementing some provisions of the Phase One Agreement, it has not yet implemented some of the more important commitments, and has fallen out of compliance on others. With regard to agriculture trade, for example, China implemented some of the non-tariff barrier related commitments in the Phase One Agreement, and initially expanded market access for a variety of U.S. food, agriculture, and seafood product exports. In particular, China implemented significant reforms in certain agricultural sub-sectors such as meat and poultry products, and in the area of facility registration. However, China has not yet implemented some of its more significant agricultural commitments, such as commitments on agricultural biotechnology and the commitment to conduct a risk assessment relating to the use of ractopamine in cattle and swine. Furthermore, China's backsliding on commitments related to beef, poultry, and facility registration has had substantial negative impacts on U.S. exports in 2025. At present, serious ongoing concerns with China's implementation efforts also persist in other areas covered by the Phase One Agreement, including IP and forced technology transfer. In addition, official trade data appear to show that China fell far short of implementing its commitments to purchase certain volumes of U.S. goods and services in the years 2020 and 2021.

STATE-LED, NON-MARKET TRADE REGIME

Industrial Plans

China continues to pursue an extensive number of industrial plans and supporting policies and practices that target industries for domination by Chinese companies, both in China and globally. Pursuant to these industrial plans, the Chinese Government offers substantial government guidance, resources and regulatory support to Chinese companies while actively seeking to limit access to the China market for imported goods, foreign manufacturers, and foreign services suppliers. The beneficiaries of these non-market policies and

practices, which are constantly evolving, include not only China's state-owned enterprises but also other Chinese companies.

One of China's more far-reaching industrial plans is Made in China 2025. China's State Council released this industrial plan in May 2015. It is a 10-year plan targeting 10 strategic sectors, which include advanced information technology, automated machine tools and robotics, aviation and aerospace equipment, maritime engineering equipment and high-technology ships, advanced rail transit equipment, new energy vehicles (NEVs), power equipment, agricultural machinery, new materials, and biopharmaceuticals and advanced medical device products. While purportedly intended simply to raise industrial productivity through more advanced and flexible manufacturing techniques, Made in China 2025 is emblematic of China's evolving and increasingly sophisticated approach to "indigenous innovation," which is evident in numerous supporting and related industrial plans. Under China's unfair and anticompetitive approach to indigenous innovation, the overarching objective is to replace foreign technologies, products, and services with Chinese technologies, products, and services in the China market through any means possible so as to enable Chinese companies first to dominate the China market and then to use that dominance as a springboard to dominate global markets.

Made in China 2025, which covers the first 10 years of a 30-year strategy known as the Strong Manufacturing Nation Strategy, seeks to build up Chinese companies in the 10 broad sectors at the expense of, and to the detriment of, foreign companies and their technologies, products, and services through a multi-step process from 2015 to 2025. The first objective of Made in China 2025 is to ensure, through various means, that Chinese companies develop their own "indigenous" technologies, IP, and know-how, either through their own efforts or by extracting or acquiring technologies, IP, and know-how from foreign enterprises. The next objective of Made in China 2025 is to substitute domestic technologies, products, and services for foreign technologies, products, and services in the China market. The final objective of Made in China 2025 is to capture much larger worldwide market shares in the 10 targeted sectors.

In pursuit of these objectives, subsequently released documents set specific targets for capacity and production levels and market shares for the dozens of industries that comprise the 10 broad sectors targeted in Made in China 2025. In October 2015, China's National Manufacturing Strategic Advisory Committee published the Made in China 2025 Key Area Technology Roadmap, and since then it has published three updated editions of this document. The first update, titled the Made in China 2025 Key Area Technology and Innovation Greenbook—Technology Roadmap (2017), was similar to its predecessor in that it set explicit market share and other targets to be attained by Chinese companies in dozens of high-technology industries, often both in the China market and globally. For example, it calls for "indigenous new energy vehicle annual production" to have a "supplying capacity that can satisfy more than 80 percent of the market" in China by 2020, up from a 70 percent target set in the 2015 document. The two subsequent updates of the Made in China 2025 Key Area Technology and Innovation Greenbook—Technology Roadmap are dated 2019 and 2023.

Many of the policy tools being used by the Chinese Government to achieve the industrial targeting objectives of Made in China 2025 raise serious concerns. Several of these tools are unprecedented in their scale and scope and include numerous types of state intervention and support that work in concert and are designed to promote the development of Chinese industry in large part by restricting, taking advantage of, discriminating against, or otherwise creating disadvantages for foreign enterprises and their technologies, products, and services. Indeed, even facially neutral measures can be applied in favor of domestic enterprises, as U.S. and other foreign enterprises have experienced, especially at sub-central levels of government.

Made in China 2025 also differs from industry support pursued by other World Trade Organization (WTO) Members in its level of ambition and, more importantly, in the scale and type of resources that the Chinese

Government has been investing in the pursuit of its industrial plan goals. By some estimates, the Chinese Government is making available more than \$500 billion of financial support to the Made in China 2025 sectors, often using, among many other vehicles, large “government guidance funds,” which China attempts to shield from scrutiny by stating that they are wholly private. Even if China fails to fully achieve all of the objectives set forth in Made in China 2025, it is still likely to create or exacerbate market distortions and critical vulnerabilities, create severe and persistent excess capacity in many of the targeted sectors, and distort investment decisions by foreign companies. It is also likely to do long-lasting damage to U.S. interests, as well as the interests of the United States’ allies and partners, as China-backed companies increase their market share at the expense of foreign companies operating in these sectors. Developing countries, at least some of which have themselves experienced deindustrialization, are especially at risk of severe harm from industrial plans like Made in China 2025.

While public references in China to Made in China 2025 subsided after June 2018 reportedly in response to an order from the central government, it is clear that China remains committed to achieving the underlying goals of Made in China 2025 and continues to seek dominance for Chinese companies in the sectors that it views as strategic, both in the China market and in global markets. For example, in September 2020, the central government issued a guiding opinion encouraging investment in “strategic emerging industries,” a term used to describe an earlier initiative from which Made in China 2025 evolved. Among other things, the guiding opinion called for the support and creation of industrial clusters for strategic emerging industries, along with the use of various types of government support and funding. The guiding opinion, which is essentially mandatory in China’s system, specifically encouraged provincial and local governments to support industries such as advanced information technology, NEVs, and biopharmaceuticals. The October 2022 Report to the 20th Party Congress also underscored the continuing importance of China’s industrial policy objectives, calling for efforts to promote the development of strategic emerging industries and to “cultivate new growth engines such as next-generation information technology, artificial intelligence, biotechnology, new energy, new materials, high-end equipment, and green industry.”

In March 2021, the National People’s Congress approved the 14th Five-Year Plan (2021–2025) for National Economic and Social Development (the 14th Five-Year Plan), together with the Long-Range Objectives Through Year 2035. The 14th Five-Year Plan and the sector-specific five-year plans subsequently issued by the central government, along with five-year plans issued by sub-central governments, make clear that China will continue to pursue its various industrial domination objectives. While the 14th Five-Year Plan does not explicitly reference Made in China 2025, it nevertheless continues to focus on the sectors identified in Made in China 2025. More recent industrial plans, including those issued by provincial and municipal governments in China, also make clear that China, at various levels of government, is continuing to support these sectors.

In addition, longer-ranging industrial plans, such as the New Energy Vehicle Industry Development Plan (2021–2035) and China Standards 2035, reaffirm China’s strong commitment to a state-led, non-market approach to the economy and trade and the pursuit of industrial dominance. Other longer-ranging industrial plans, such as the National Medium to Long-Term Science and Development Plan (2021–2035), the successor to the National Medium to Long-Term Science and Development Plan (2006–2020), are reported to exist but have not been publicly released.

In September 2023, China introduced the concept of “new quality productive forces,” which now appears in many official publications and statements. This concept echoes many of China’s existing industrial plans, as it calls for increasing economic productivity through the strengthening of science and technology innovation in order to support “industrial upgrading,” “emerging industries,” and “future industries.” The specific sectors targeted by this concept include many of the same sectors prioritized in Made in China

2025 and other industrial plans related to Made in China 2025, including NEVs, high-end equipment, and high-technology ships.

In 2025, China continued to issue supporting policy documents targeting various emerging industries, with a view toward building its domestic industrial supply chains. For example, in October 2025, China's Recommendations for its forthcoming 15th Five-Year Plan for National and Economic and Social Development (2026–2030) emphasized furthering “new quality productive forces” and the support of both “traditional” and “emerging” sectors for industrial development.

Technology Transfer

For years, longstanding and serious U.S. concerns regarding forced technology transfer remained unresolved, despite repeated, high-level bilateral commitments by China to remove or no longer pursue problematic policies and practices. In August 2017, the Office of the United States Trade Representative (USTR) sought to address these concerns by initiating an investigation under Section 301 focused on policies and practices of the Government of China related to technology transfer, IP, and innovation. Specifically, in its initiation notice, USTR identified four categories of reported Chinese Government conduct that would be the subject of its inquiry: (1) the use of a variety of tools to require or pressure the transfer of technologies and IP to Chinese companies; (2) depriving U.S. companies of the ability to set market-based terms in technology licensing negotiations with Chinese companies; (3) intervention in markets by directing or unfairly facilitating the acquisition of U.S. companies and assets by Chinese companies to obtain cutting-edge technologies and IP; and (4) conducting or supporting cyber-enabled theft and unauthorized intrusions into U.S. commercial computer networks for commercial gains. In March 2018, USTR issued a report supporting findings that the four categories of acts, policies, and practices covered in the investigation are unreasonable or discriminatory and burden and/or restrict U.S. commerce. In November 2018, USTR issued an updated report that found that China had not taken any steps to change its problematic policies and practices. Based on the findings in USTR's Section 301 investigation, the United States took a range of responsive actions, including the pursuit of a successful WTO dispute challenging certain discriminatory technology licensing measures maintained by China in addition to the imposition of substantial additional tariffs on Chinese imports.

The Phase One Agreement addresses certain aspects of the unfair trade practices of China that were identified in USTR's Section 301 report. In the Phase One Agreement, China committed to end its longstanding practice of forcing or pressuring foreign companies to transfer their technology to Chinese companies as a condition for obtaining market access, securing administrative approvals, or receiving advantages from the Chinese Government. China also committed to provide transparency, fairness, and due process in administrative proceedings and to ensure that technology transfer and licensing take place on market terms that are voluntary and reflect mutual agreement. Separately, China committed to refrain from directing or supporting outbound investments aimed at acquiring foreign technology pursuant to its distortive industrial plans.

Since the entry into force of the Phase One Agreement in February 2020, the United States has continually engaged with the U.S. business community, which has expressed concern about China's actions, including those that are informal and unwritten, that force or pressure U.S. companies to transfer their technology to Chinese entities, including as a condition for obtaining market access. The United States has engaged China as issues arise and will continue to monitor developments closely.

In May 2022, USTR commenced the statutorily mandated four-year review of the tariffs that had been imposed on Chinese imports as a result of the Section 301 investigation into China's unfair acts, policies, and practices related to technology transfer, IP, and innovation. As part of this review, USTR examined the effectiveness of the tariff actions in achieving the objectives of the original investigation, other actions

that could be taken, and the effects of those actions on the United States economy, including consumers. In May 2024, USTR issued a report that found that while the Section 301 tariff actions have been effective in certain respects, China's unfair acts, policies, and practices had continued and, in some cases, had worsened.

China's Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance; Pause Thereof

On March 12, 2024, five national labor unions filed a petition requesting an investigation into the acts, policies, and practices of the Government of China targeting the maritime, logistics, and shipbuilding sectors for dominance. The petition was filed pursuant to Section 302(a)(1) of the Trade Act (19 U.S.C. § 2412(a)(1)), requesting action pursuant to Section 301(b) (19 U.S.C. § 2411(b)). On April 17, 2024, after consideration of the petition and on the advice of the Section 301 Committee, the U.S. Trade Representative initiated the investigation. Based on the information obtained during the investigation, in January 2025, USTR released a public report on the investigation. The report supports the determination 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.

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 has largely achieved its dominance goals, severely disadvantaging U.S. companies, workers, and the U.S. economy generally through lessened competition and commercial opportunities and through the creation of economic security risks from dependencies and vulnerabilities. Top-down industrial planning and targeting is a critical feature of China's state-led, non-market economic system. China organizes the development of its economy at a high level through broad national-level five-year economic and social development plans. It then employs industry-specific plans that typically align chronologically with the national five-year plans. These plans often contain detailed quantitative and qualitative targets, including for production, domestic content, and domestic and international market shares, and outline the non-market policies and practices China should use to achieve these targets. Market share targets necessitate substitution by Chinese companies at the expense of foreign competitors—for Chinese companies to gain market share, they must displace foreign companies in existing markets and take new markets as they develop in the future. China's industrial targets have become more aggressive and sophisticated over the years. China's plans reveal its targeting of the maritime, logistics, and shipbuilding sectors for dominance.

Based on the information obtained during the investigation and taking into account public comments, as well as the advice of the interagency Section 301 Committee and advisory committees, the U.S. Trade Representative determined that China's targeting of the maritime, logistics, and shipbuilding sectors for dominance is actionable under Sections 301 and took a range of responsive actions, including fees on certain shipping services and duties on ship-to-shore cranes and other cargo handling equipment.

On November 1, 2025, the White House announced a historic trade and economic deal reached between President Trump and Chinese President Xi Jinping. On November 6, 2025, at the direction of President Trump, the U.S. Trade Representative proposed to suspend for one year, beginning on November 10, 2025, the responsive actions taken in this investigation. During the suspension period, the U.S. Trade Representative proposed that the United States would negotiate with China pursuant to Section 301 regarding the issues raised in this investigation. The U.S. Trade Representative proposed further that while taking these actions, the United States would continue its domestic efforts and its discussions with key allies and partners on revitalizing American shipbuilding. In light of the trade and economic deal reached between President Trump and President Xi Jinping, and at the direction of the President, the U.S. Trade Representative determined that the action taken on April 17, 2025, as modified, will be suspended for one year (90 FR 50947).

China's Targeting of the Semiconductor Industry for Dominance

In December 2024, the U.S. Trade Representative initiated an investigation under Section 301 regarding acts, policies, and practices of the Government of China related to targeting of the semiconductor industry for dominance. On December 22, 2025, the U.S. Trade Representative determined that China's acts, policies, and practices are actionable under Section 301 of the Trade Act of 1974 and to take appropriate responsive action.

The U.S. Trade Representative determined that China's targeting of the semiconductor industry for dominance is unreasonable, including for the following reasons. First, China's targeting of the semiconductor industry is unreasonable because China exerts extraordinary control over the semiconductor industry, and other economic actors, in order to achieve its targeted dominance, including through political guidance, directives, and control within state and private enterprises and activities of state-owned or state-controlled enterprises. Second, China's targeting of the semiconductor industry for dominance is unreasonable because it does not reflect market competition and is unconstrained by market forces. China's targeting, both by design and in effect, displaces foreign firms, deprives market-oriented businesses and their workers of commercial opportunities, and lessens competition. China's plans, including as demonstrated by specific market share targets, are to achieve a long-term dominant position in these economic sectors. Third, China's targeting of the semiconductor industry for dominance harms foreign competitors and purchasers by creating and exploiting dependencies. China's objective is to ultimately displace foreign competitors throughout the semiconductor value chain in domestic and foreign markets, which increases the world's dependence on its companies, products, services, and technology. The creation of dependencies also increases risk for individual firms and their workers, for economic sectors (including workers' communities), and for supply chain resilience.

The U.S. Trade Representative also determined that China's targeting of the semiconductor industry for dominance burdens or restricts U.S. commerce, including for the following reasons. First, China's targeted dominance burdens or restricts U.S. commerce business opportunities for and investments in the U.S. semiconductor industry. China's targeting for dominance contributes to lost sales, chronic underinvestment in numerous segments, and a diminished U.S. industry, constituting a burden and restriction on U.S. commerce. Second, China's targeting for dominance burdens or restricts U.S. commerce because it creates economic security risks from dependence and vulnerabilities in sectors critical to the functioning of the U.S. economy. China's targeting for dominance has created, and will continue to accelerate, dependencies for the U.S. semiconductor industry and for purchasers of semiconductors, creating vulnerabilities across the U.S. economy. China has also revealed the capacity and willingness to weaponize dependencies and vulnerabilities through economic coercion. Over-reliance on a single economy for semiconductors and related technology or products increases the cost of any disruption.

Based on these findings, the U.S. Trade Representative determined that responsive action is appropriate and that appropriate responsive action includes taking tariff action now on semiconductors from China, with an initial tariff level of zero percent, increasing in 18 months on June 23, 2027, to a rate to be announced not fewer than 30 days prior to that date. These new Section 301 tariffs would be additional to the existing 50 percent Section 301 tariff on semiconductors from China imposed pursuant to the Section 301 investigation related to forced technology transfer. The U.S. Trade Representative will continue to monitor the efficacy of this action, the progress made toward resolution of this matter, and the need for any additional action.

IMPORT POLICIES

Tariffs

China's average Most-Favored-Nation (MFN) applied tariff rate was 7.5 percent in 2024 (latest data available). China's average MFN applied tariff rate was 14.0 percent for agricultural products and 6.5 percent for non-agricultural products in 2024 (latest data available). China has bound 100 percent of its tariff lines in the WTO, with a simple average WTO bound tariff rate of 10.0 percent.

In April 2018, China imposed tariffs ranging from 15 percent to 25 percent on a range of agricultural, steel, and aluminum products imported from the United States in retaliation against the U.S. decision to adjust U.S. imports of steel and aluminum articles under Section 232 of the Trade Expansion Act of 1962, as amended. The U.S. decision was based on a determination that the quantity and circumstances of U.S. imports of steel and aluminum products—including the circumstances of severe excess capacity and resulting overproduction emanating from China—threaten to impair U.S. national security. In July 2018, the United States launched a dispute settlement proceeding against China in the WTO pertaining to China's retaliatory tariffs. In August 2023, a WTO panel issued its report, ruling that those retaliatory tariffs were WTO-inconsistent. China appealed the panel's ruling in September 2023. The United States will continue to take all necessary action to protect U.S. interests in the face of this type of retaliation.

In 2018 and 2019, China imposed a series of retaliatory tariffs on U.S. products following U.S. actions under Section 301 addressing unfair Chinese acts, policies, and practices relating to technology transfer, IP, and innovation. These tariffs remain in place.

Tariff-Rate Quota Administration for Agricultural Commodities

Market access promised through the tariff-rate quota (TRQ) system set up pursuant to China's WTO accession agreement has yet to be fully realized as of December 31, 2025. Due to China's poorly defined criteria for applicants, unclear procedures for distributing TRQ allocations, and failure to announce quota allocation and reallocation results, traders are unsure of available import opportunities and producers worldwide face reduced market access opportunities. As a result, for many years, China's TRQs for wheat, corn, and rice would seldom fill even when they were oversubscribed. From 2021 through 2024, China's corn and wheat imports exceeded TRQ levels. However, in 2025, in a return to historical trends, these imports fell far short of the TRQ levels, and the TRQ issuance, application, and allocation processes still lacked transparency.

In December 2016, the United States launched a WTO dispute challenging China's administration of TRQs for wheat, corn, and rice. Consultations took place in February 2017. A WTO panel was established to hear the case at the United States' request in September 2017, and 17 other WTO Members joined as third parties. The panel issued its report in April 2019, ruling that China's administration of tariff-rate quotas for wheat, corn, and rice was WTO-inconsistent. In July 2021, the United States submitted a request for authorization to suspend concessions and other obligations pursuant to Article 22 of the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU) on the ground that China had failed to bring its measures into compliance with its WTO obligations. After China objected to this request, the matter was referred to arbitration in accordance with Article 22 of the DSU. The arbitration is currently suspended, and the United States continues to closely monitor China's ongoing administration of the tariff-rate quotas for wheat, corn, and rice.

As part of the Phase One Agreement, China agreed that, from December 31, 2019, its administration of TRQs for wheat, corn, and rice would conform to its WTO obligations. In addition, China agreed to make

specific improvements to its administration of the wheat, corn, and rice TRQs, including with regard to the allocation methodology, and to the treatment of non-state trading quota applicants. China also committed to greater transparency. To date, however, China has not demonstrated full implementation of these commitments.

The United States has also sought to address how China classifies rice for the purposes of its TRQs. In October 2020, China classified a shipment of U.S. medium grain rice as long grain, which is under a separate quota from the short and medium grain rice quota and fills with greater regularity. This classification sets a precedent that inhibits short and medium grain U.S. rice exports, which should not have to compete with low-priced long grain rice for the more competitive long grain rice quota. During the Phase One Agreement negotiations, China promised to amend its rice classification standard to enable U.S. medium grain rice to enter China under the short and medium grain rice quota, but this promise has not been fulfilled.

Taxes

Value-Added Taxes

China applies a standard value-added tax (VAT) rate of between 6 and 13 percent on most goods and services, including imports from the United States. The VAT applies to virtually all imports, regardless of value.

China rebates VATs on exports, including exports to the United States. However, in 2025, as in prior years, the Chinese Government attempted to manage the export of many primary, intermediate, and downstream products by raising or lowering the VAT rebate available upon export. China sometimes reinforces its objectives by imposing or retracting export duties. These practices have caused tremendous disruption, uncertainty, and unfairness in the global markets for some products, particularly downstream products for which China is a leading world producer or exporter, such as products made by the steel, aluminum, and soda ash industries. These practices, together with other policies, such as excessive government subsidization, have also contributed to severe excess capacity in these same industries.

An apparently positive development took place at the July 2014 United States-China Strategic and Economic Dialogue (S&ED) meeting, when China committed to improve its VAT rebate system, including by actively studying international best practices, and to deepen communication with the United States on this matter, including regarding its impact on trade. Once more, however, this promise remains unfulfilled. To date, China has not made any movement toward the adoption of international best practices.

The Chinese Government has attempted to manage imports of primary agricultural commodities by raising or lowering the VAT rebate to control domestic supplies. China sometimes reinforces its domestic objectives by imposing or retracting VATs. These practices have caused tremendous distortions and uncertainty in the global markets for wheat, corn, and soybeans, as well as intermediate processed products from those commodities.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Cosmetics

Over the past several years, the United States and U.S. industry have engaged with China's Food and Drug Administration (CFDA) and its successor, the National Medical Products Administration (NMPA), to highlight serious concerns with China's regulation of cosmetics. The regulation of cosmetics in China is governed by the Cosmetics Supervision and Administration Regulation (CSAR), which was issued in June 2020 and entered into effect in January 2021. The United States has repeatedly raised serious concerns with the CSAR and its numerous implementing measures, both bilaterally and in meetings of the WTO TBT Committee and the WTO Council for Trade in Goods, as have several other WTO Members.

The CSAR implementing measures contain provisions that would require companies to disclose full product formulations, ingredient suppliers, manufacturing methods, claims, and safety data to both NMPA and local agents in China when products are registered or notified. In addition, these measures require companies to publish claims abstracts that may contain trade secrets and confidential business information on NMPA's website. The United States has expressed concern to China that its regulators are applying an approach that treats cosmetics as having much higher safety risks than is warranted. China's filing and registration requirements for cosmetics also significantly diverge from those in other major markets without a valid regulatory reason, making compliance very burdensome for exporters.

The United States is particularly concerned that the CSAR implementing measures do not provide adequate assurances as to how undisclosed information, trade secrets, and confidential business information will be protected from unauthorized disclosure. China also has not addressed requests from the United States and cosmetics right holders that NMPA provide a legally enforceable mechanism to monitor and protect the trade secrets and confidential business information typically identified by companies in their cosmetics filings.

In addition, China continues to require duplicative in-country testing to assess many product and ingredient safety and performance claims, without considering the applicability of international data or other means of establishing conformity. In response to U.S. concerns, China indicated that it would allow foreign laboratories with facilities in China to conduct its required testing. However, this change does not address the burden of China's requirement, which does not consider the applicability of testing conducted via internationally recognized laboratories outside of China, as well as other means used by foreign regulators and industries to assess the conformity of product and ingredient safety and performance claims.

China's cosmetics good manufacturing practices (GMP) requirements also do not appear to provide equal treatment for imported and domestic general and special cosmetics. If the government of a cosmetics importer does not issue GMP or manufacturing export certificates, the only means that China provides to establish conformity with China's GMP for general cosmetics is animal testing. The United States and other WTO Members have made repeated requests that China consider the many alternative means available to establish GMP conformity, including utilizing second party or third-party certificates based upon the ISO 22716 Cosmetics GMP Guidelines. Although China accepts some GMP certificates issued by U.S. state governments, the process remains inconsistent and uncertain for exporters.

In November 2025, NMPA published the final text of the Opinions on Deepening Cosmetics Regulatory Reform and Promoting High-Quality Development of the Industry. This measure outlines China's

aspirations for reform of cosmetics industry regulations over the next ten years. While the measure sets certain broad, positive goals, such as simplifying registration processes and reducing animal testing requirements, the timeline for these aspirational reforms remains unclear. In addition, concerns remain that new implementing guidelines based on the Opinions on Deepening Cosmetics Regulatory Reform and Promoting High-Quality Development of the Industry will still be drafted in a manner that does not fully address current burdensome CSAR requirements.

In sum, after years of the United States engaging with China bilaterally and via the International Cooperation on Cosmetics Regulation, the WTO, and other fora to share views and expertise regarding the regulation of cosmetics, China has not yet addressed key U.S. concerns, including the use of good regulatory practices to facilitate cosmetics conformity assessment and avoid discriminatory treatment, nor has it provided confidence that U.S. IP will be protected. Until China addresses these concerns, many U.S. companies will be impeded in accessing, or simply unable to access, the China market. The United States understands that a reform of the cosmetics law is beginning and U.S. stakeholder comments have been submitted on this initiative.

Food Labeling

In July 2024, the United States provided written comments on China's proposed Food Labeling Supervision and Management Measures in response to China's notification of this draft measure to the WTO. Since then, the United States has continued to raise questions that have remained unanswered about the scope of this draft measure, including questions related to alcoholic beverages and the shelf-life for beverages, both bilaterally and in the WTO TBT Committee, as have other concerned WTO Members.

Sanitary and Phytosanitary Barriers

Overview

China remains a difficult and unpredictable market for U.S. agricultural exporters, largely because of inconsistent enforcement of regulations and selective intervention in the market by China's regulatory authorities. China's unwillingness to routinely base its measures on science-based, international standards and guidelines and to apply regulatory enforcement in a transparent and rules-based manner further complicates and impedes agricultural trade, as does China's long record of using unjustified sanitary and phytosanitary (SPS) measures to retaliate against legitimate actions taken by its trading partners.

Food Safety

China's ongoing implementation of its 2015 Food Safety Law has led to the introduction of myriad new measures, including exporter facility and product registration requirements for almost all food and agricultural products. Overall, China's notification of these measures to the WTO Committee on Technical Barriers to Trade (TBT Committee) and the WTO Committee on Sanitary and Phytosanitary Measures (SPS Committee) has been uneven.

In November 2019, China's regulatory authorities issued draft measures for public comment that would require the registration of all foreign food manufacturers. The United States submitted comprehensive written comments on the draft measures to China's regulatory authorities. The United States also raised concerns about them before the WTO TBT Committee and the WTO SPS Committee. More than 15 WTO Members supported the concerns raised by the United States.

In April 2021, China's regulatory authorities issued final versions of these measures, known as Decrees 248 and 249, with an implementation date of January 1, 2022. These measures laid out a non-transparent,

multi-tier system where producers of certain products are required to be registered by foreign regulatory authorities, while producers of other products are eligible to self-register. Decrees 248 and 249 also established new labeling and conformity assessment requirements. In July 2023, China implemented additional registration requirements for certain products under Decree 248, expanding the burden on foreign food safety regulators. Moreover, the tasks being required of foreign food safety regulators are fundamentally beyond the traditional roles and authority of food safety regulators. These various additional requirements continue to disrupt trade.

On October 14, 2025, China's regulatory authorities published a new Decree 280, replacing Decree 248, with an implementation date of June 1, 2026. This new measure makes some administrative adjustments to the facility registration system, but does not resolve fundamental concerns about imposing trade burdens without proper science- and risk-based justifications. Decree 280 and similar prior measures continue to place excessive strain on food producers, traders, and exporting countries' regulatory authorities, with no apparent added benefit to food safety. They instead provide China with a tool to control food imports in accordance with the dictates of China's state planners, and to retaliate against food producers from countries whose governments challenge Chinese Government policies or practices in non-trade areas.

In the Phase One Agreement, China committed that it would not implement food safety regulations that are not science- or risk-based. China further committed that it would only apply food safety regulations to the extent necessary to protect human life or health. China also agreed to certain procedures for registering U.S. facilities that produce various food products. Despite repeated U.S. requests for clarification regarding the relationship between the facility registration procedures set forth in the Phase One Agreement and the requirements of Decree 248, China has not provided sufficient information.

Agricultural Biotechnology Approvals

The Chinese regulatory approval process for agricultural biotechnology products creates significant uncertainty among developers and traders, slowing commercialization of products and creating adverse trade impacts, particularly for U.S. exports of corn, soy, canola, alfalfa, and potatoes. The process remains lengthy and opaque and continues to reflect significant asynchrony relative to approvals issued by regulatory authorities in many other countries.

For many years, biotechnology product approvals by China's regulatory authorities mainly materialized only after high-level political intervention. In the Phase One Agreement, China committed to implement a transparent, predictable, efficient, and science- and risk-based system for the review of products of agricultural biotechnology. In the agreement, China also committed to improve its regulatory authorization process for agricultural biotechnology products, including by completing reviews of products for use as animal feed or further processing within an average of no more than 24 months and by improving the transparency of its review process. China also agreed to work with importers and the U.S. Government to address situations involving low-level presence of genetically engineered (GE) materials in shipments. In addition, China agreed to establish a regulatory approval process for all food ingredients derived from genetically modified microorganisms (GMMs), rather than continue to restrict market access to GMM-derived enzymes only.

Since 2021, China's National Biosafety Committee (NBC) has issued biosafety certificates to foreign developers for several new GE products for import as feed or for processing, including alfalfa, canola, corn, cotton, soybean, and sugarcane products. Some of these approved products had been under review for more than 10 years. During the same time period, China has issued biosafety certificates to Chinese developers for dozens of new corn, cotton, rice, soybean, and wheat varieties for domestic cultivation, including both transgenic and genome-edited products.

China's commitments related to agricultural biotechnology are among the most significant commitments under the Phase One Agreement, but many of them remain unfulfilled. Despite the commitments that China made, there remains a significant lack of transparency regarding the procedures for convening meetings of the NBC, including regarding dates, agenda items, and outcomes for these meetings and the process for notifying applicants of outcomes and for soliciting additional information to support product applications. While the NBC is required to meet at least two times each year, the meetings are not held according to a regular schedule, and information about the meetings is not widely shared with the public in a transparent and predictable manner. In a break with past practice, China has not published the results of the NBC meetings held in 2025. China has also maintained an asynchronous approval process, requiring new traits to be approved in the exporting market before beginning the approval process in China, unnecessarily lengthening the approval timeline. In addition, in conducting its approval process, China continues to ask for information that is not relevant to a product's intended use or information that applicants have previously provided. For this and other reasons, China has not reduced the average time for its approval process for agricultural biotechnology products for feed or further processing to no more than 24 months.

Poultry

In the Phase One Agreement, China agreed to maintain measures consistent with the World Organization for Animal Health (WOAH) guidelines for future outbreaks of avian influenza. China also agreed to sign a regionalization protocol within 30 days of entry into force of the agreement, which it did, to help avoid unwarranted nationwide animal disease restrictions in the future. This protocol requires that China resume acceptance of poultry imports from states with high pathogenicity avian influenza (HPAI) detections within five days of receiving a U.S. report that the states are HPAI-free. Following the implementation of the protocol, China initially complied with its terms.

Starting in February 2022, the United States notified China of detections of HPAI in multiple states. In the ensuing months, several states recovered from these detections, and they were deemed HPAI-free by the United States. The United States submitted reports to China for these states and requested approval to resume exporting poultry from these states to China. In November 2023, China removed restrictions on seven U.S. states, but numerous other HPAI-free states remain restricted. To date, China has yet to confirm the restoration of market access for the majority of the impacted U.S. states.

China continues to accept heat-treated poultry from the United States. However, it has recently targeted U.S. shipments through increased customs scrutiny.

Pork

China maintains an approach to U.S. pork that appears to be inconsistent with international standards, limiting the potential of an important export market given China's growing meat consumption. Specifically, China bans the use of certain veterinary drugs and growth promotants instead of accepting the maximum residue limits (MRLs) set by Codex Alimentarius (Codex).

In the Phase One Agreement, China agreed to broaden the list of pork products that are eligible for importation, including processed products such as ham and certain types of offal that are inspected by the U.S. Department of Agriculture's Food Safety and Inspection Service for both domestic and international trade. China also agreed to conduct a risk assessment for ractopamine in swine and cattle as soon as possible and to establish a joint working group with the United States to discuss next steps based on the risk assessment. To date, China has not completed the risk assessment and therefore has not yet made any progress on next steps based on the risk assessment, which will need to include the establishment of MRLs or import tolerances.

Since 2022, China has rejected shipments from certain U.S. pork facilities and subjected subsequent shipments from these facilities to increased inspections due to alleged detections of animal diseases, such as porcine reproductive respiratory syndrome and Seneca Valley virus. Certain common testing techniques are known to show false positives when the animals being tested have received vaccinations against these animal diseases. In addition, these animal diseases are endemic in China and pose no threat to human health, and China has not identified any standard or regulation that the shipments in question violated, nor has China identified a pathway for shipments from these facilities to resume normal customs clearance procedures.

Beef

In the Phase One Agreement, China agreed to expand the scope of U.S. beef products allowed to be imported, to eliminate age restrictions on cattle slaughtered for export to China and to recognize the U.S. beef and beef products' traceability system. China also agreed to establish MRLs consistent with Codex standards and guidelines for three synthetic hormones legally used for decades in the United States. Where Codex standards and guidelines do not yet exist, China agreed to use MRLs established by other countries that have performed science-based risk assessments.

China has established MRLs for the use of the three synthetic hormones in beef, but has not published them. Meanwhile, in June 2025, China began reporting alleged detections of one of these synthetic hormones—melengestrol acetate—in excess of the unpublished MRLs and began suspending the U.S. facilities that produced these products from exporting to China upon the first report of a purported violation.

Since February 2025, China has failed to renew the expiring facility registrations for more than 400 U.S. beef facilities, absent science- or risk-based justifications. China has similarly failed to register any new U.S. beef facilities since June 2024. As a result, facilities responsible for the vast majority of U.S. beef exports to China are currently ineligible to ship to China.

As previously noted, China also made a commitment in the Phase One Agreement to complete a risk assessment for ractopamine in swine and cattle, but it has not yet implemented this commitment. Further, in 2022, China began rejecting certain shipments of U.S. beef products due to alleged findings of the veterinary drug ractopamine. China subsequently suspended the U.S. facilities that produced these products from exporting to China following the first report of a purported violation. In several cases, China also suspended the cold storage facilities that had handled the products immediately prior to shipping, despite the fact that these cold storage facilities have no role in raising or feeding cattle or in processing beef products. The cold storage facility suspensions imposed by China also restrict exports of unrelated products, such as poultry and pork products. To date, China has not outlined a process for the relisting of any of the impacted facilities as eligible to export to China.

The Phase One Agreement requires China to “accept meat, poultry meat, and processed meat and poultry meat... inspected by the FSIS... and accompanied by an FSIS Export Certificate of Wholesomeness.” China may refuse to accept shipments from a facility if China determines that there is “a significant, sustained or recurring pattern of non-conformity . . . until the problem is resolved.” In each of the cases in question, whether related to melengestrol acetate or ractopamine, China suspended the facilities after a single isolated incident and has not outlined a pathway to lift the suspensions. The United States will continue to closely monitor China's actions in this area.

On February 21, 2025, China closed its market to U.S. bovine semen based on alleged concerns related to bluetongue virus (BTV), despite over a decade of safe sales of this product to China and no recent change in the United States' BTV status. Until this action, China had been the top export market for U.S. bovine

semen, and U.S. animal genetics firms had been safely exporting bovine semen to China under a negotiated protocol to mitigate BTV spread.

Potatoes

China categorizes potatoes as a grain crop, which imposes additional quarantine requirements on Chinese potato chip makers that seek to import and process U.S. chipping potatoes, deterring processors in China from importing U.S. potatoes. U.S. chipping potatoes already undergo a rigorous phytosanitary production and inspection process prior to export that was negotiated with and agreed to by China.

Pesticide Maximum Residue Limits

China does not have a system in place for its trading partners to request the establishment of import MRLs for pesticides that have not yet been registered for use in China. This situation can lead to overly restrictive MRLs or a lack of MRLs for pesticides already in use in the United States. China also employs onerous testing practices that are not based on science or risk to determine compliance with MRLs.

STANDARDS

The Chinese Government continues to pursue changes to its standards system, including by moving from a government-led system to one that incorporates both government guidance and stakeholder input. At times, Chinese Government officials have also indicated that they provide equal treatment to foreign companies in connection with China's standardization work. However, in practice, the Chinese Government continues to limit foreign participation in standards setting and, at times, still pursues unique national standards in order to protect its domestic industry.

In January 2018, China's revised Standardization Law entered into force. Since then, China has issued numerous implementing measures, some of which contain positive references to the ability of foreign-invested enterprises to participate in China's standardization activities and purport to recognize the value of international standards. Unfortunately, many of these implementing measures cause concern for U.S. industry as they appear to focus on the development of Chinese standards without sufficient consideration being given to existing international standards. In addition, they do not explicitly provide that foreign stakeholders may participate on equal terms with domestic competitors throughout the standardization process.

As these implementing measures have been issued, China's existing technical committees have continued to develop standards. U.S. and other foreign companies have reported that they are often not permitted to participate in these domestic technical committees, and even in technical committees where participation has been possible for some foreign stakeholders, it has typically been on terms less favorable than those applicable to their domestic competitors. For example, the technical committee for cybersecurity standards (known as TC-260) allows foreign companies to participate in standards development and setting, with several U.S. and other foreign companies being allowed to participate in some of the TC-260 working groups. However, some foreign companies report that they are sometimes excluded from serving on TC-260 and other technical committees, and submitting comments on draft standards on the basis that their companies are headquartered outside of China. They also report challenges to participating in key aspects of the standardization process, such as drafting. In addition, they remain prohibited from participating in certain TC-260 working groups, such as the working group on encryption standards.

Over the years, U.S. stakeholders have also reported that, in some cases, Chinese Government officials have pressured foreign companies seeking to participate in the standards-setting process to license their

technology or IP on unfavorable terms. In addition, China has continued to pursue unique national standards or to adopt heavily modified international standards that may not be compatible with the original international standard in a number of high technology areas. The United States continues to press China to address these specific concerns, but to date this bilateral engagement has yielded minimal progress.

Notably, U.S. concerns about China's standards regime are not limited to the implications for U.S. companies' access to China's market. China's ongoing efforts to develop unique national standards aim ultimately to serve the interests of Chinese companies seeking to compete globally, as the Chinese Government's objective is to use the power of its large domestic market to influence the development of international standards. This influence extends to international standards technical committees, where China has sought an overwhelming number of leadership and technical standardization positions, facilitated by the Chinese state's subsidization of participation of Chinese actors. The United States remains very concerned about China's policies with regard to standards and has expressed, and will continue to express, concerns to China bilaterally and multilaterally as China continues to develop and issue implementing measures for its revised Standardization Law.

In October 2021, the Central Committee of the Chinese Communist Party (CCP) and the State Council issued the Outline for the Development of National Standardization, which set targets for China's standardization system. It reiterates the desire for China's standardization system to be both guided by the government and driven by the market. This measure also sets out to further the establishment of so-called "association standards," which are aimed at introducing a more industry-led standards-setting process. In addition, it calls for China's standardization system to refocus from quantity to quality and to shift from a domestic focus to an equal domestic and international focus.

The October 2021 Outline for the Development of National Standardization is partly based on an initiative that China announced in 2019, known as China Standards 2035. U.S. industry has expressed concern about the lack of transparency with regard to the initiative's findings, particularly given longstanding global concerns about discriminatory limitations on foreign participation in China's standards-setting processes, China's use of bespoke standards without basis, and certain licensing practices in China's standards-setting processes. In addition, U.S. industry is concerned that China's association standards may continue China's trend of not providing sufficient opportunities for foreign participation in the development of standards. China's Provisional Regulations on the Adoption of Association Standards for Recommended National Standards, issued by the National Standardization Administration in 2023, allows for national adoption of association standards as recommended national standards, which raises concerns that the final standards adopted will not consider foreign companies' input.

GOVERNMENT PROCUREMENT

China is not a Party to the WTO Agreement on Government Procurement (GPA), but has been an observer to the WTO Committee on Government Procurement since February 2002.

In its WTO accession agreement, China made a commitment to initiate negotiations to accede to the WTO Agreement on Government Procurement (GPA) and to open up its vast government procurement market to the United States and other GPA Parties. More than two decades later, China is still in negotiations to accede to the GPA while China's Government procurement has continued to grow.

The United States, the European Union, and other GPA Parties have viewed China's GPA offers over the years as highly disappointing in scope and coverage and certainly not offering reciprocal access. China submitted its sixth revised offer in October 2019 and significant deficiencies remain in a number of critical

areas. China's most recent submission, made in June 2021, was an update of its checklist of issues, which informs GPA Parties of changes to China's existing government procurement regime since its last update.

China's current government procurement regime is governed by two important laws. The Government Procurement Law, administered by the Ministry of Finance, governs purchasing activities conducted with fiscal funds by state organs and other organizations at all levels of government in China, but does not apply to procurements by state-owned enterprises. The Tendering and Bidding Law falls under the jurisdiction of the National Development and Reform Commission (NDRC) and imposes uniform tendering and bidding procedures for certain classes of procurement projects in China, notably construction and works projects, without regard for the type of entity (*e.g.*, a government agency or a state-owned enterprise) that conducts the procurement. Both laws cover important procurements that GPA Parties would consider to be eligible for coverage under the GPA.

In July 2022, the Ministry of Finance issued draft amendments to the Government Procurement Law. Among other changes, these draft amendments would codify the requirement that officials at all levels of government refrain from purchasing foreign products whenever domestic products are available. To date, these draft amendments have not been finalized.

China's Foreign Investment Law, which entered into force in January 2020, and the related October 2021 Ministry of Finance Notice 35, state that China will provide equal treatment to foreign companies invested in China and to domestic Chinese companies with regard to government procurement opportunities. However, foreign companies have reported a significant increase in preference for domestic Chinese companies over foreign companies invested in China.

In August 2023, China's State Council issued the Opinions on Further Optimizing the Foreign Investment Environment and Enhancing the Attraction of Foreign Investment, known as Document 11. One of the 24 topics addressed in Document 11 is government procurement. Specifically, Article 6 of Document 11 offers various suggestions for how central level ministries and sub-central government authorities could work to ensure that foreign-invested enterprises can participate in China's Government procurement market, consistent with existing Chinese law. While China's leadership has highlighted Document 11 to the foreign business community as a demonstration of China's sincerity about fostering a more welcoming environment, Document 11 provides little clarity as to how its suggestions would be implemented, nor does it identify timelines for acting on them.

Under both its government procurement regime and its tendering and bidding regime, China continues to implement policies favoring products, services, and technologies made or developed by Chinese-owned and Chinese-controlled companies. These policies employ explicit and implicit requirements that hamper foreign companies from fairly competing in the Chinese procurement market.

In September 2025, China's Ministry of Finance issued the final version of the Notice on Matters Concerning Domestic Product Standards and Implementation Policies in the Field of Government Procurement. This measure entered into force on January 1, 2026, and provides clarity on standards for what qualifies as a "domestic product," which will be eligible for certain benefits in the procurement process. Eligibility criteria include that the product must be manufactured within China's territory, the cost of components produced in China must meet the prescribed proportion requirements that will be determined on a sector-by-sector basis, and the product must comply with requirements for domestic manufacturing of certain key components and processes. A product meeting these criteria will receive a 20 percent price deduction applied to the bidding price for evaluation purposes in government procurement activities where both domestic and non-domestic products compete. The measure establishes a three- to five-year transition period to develop and phase in the new standards sector-by-sector, beginning with mature sectors.

INTELLECTUAL PROPERTY PROTECTION

Overview

After its accession to the WTO, China undertook a wide-ranging revision of its framework of laws and regulations aimed at protecting the IP rights of domestic and foreign right holders, as required by the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPS Agreement). Despite various plans and directives issued by the State Council, inadequacies in China's IP protection and enforcement regime continue to present serious barriers to U.S. exports and investment. As a result, as in the previous year, China was again placed on the Priority Watch List in USTR's [2025 Special 301 Report](#). In addition, in its [2025 Review of Notorious Markets for Counterfeiting and Piracy](#) (Notorious Markets List), USTR identified online and physical markets that exemplify key challenges in the global struggle against piracy and counterfeiting and explains the harm not only to U.S. businesses, but also to U.S. workers. Several markets in China were among those named as notorious markets, as China continues to be the number one source of pirated and counterfeit products in the world.

The Phase One Agreement addresses numerous longstanding U.S. concerns relating to China's inadequate IP protection and enforcement. Specifically, the agreement requires China to revise its legal and regulatory regimes in a number of ways in the areas of trade secrets, pharmaceutical-related IP, patents, trademarks, and geographical indications. In addition, the Phase One Agreement requires China to make numerous changes to its judicial procedures and to establish deterrent-level penalties. China must also take a number of steps to strengthen enforcement against pirated and counterfeit goods, including in the online environment, at physical markets and at the border.

China has published a number of draft measures for comment and issued some final measures relating to implementation of the IP chapter of the Phase One Agreement. Notably, China amended the Patent Law, the Copyright Law and the Criminal Law. At the same time, U.S. right holders have expressed serious concerns about some final measures that lack details and leave too much discretion with the enforcement authorities, which creates uncertainties and can lead to inconsistencies in the scope of coverage and the availability and nature of relief. In addition, China has outstanding work to finalize the draft measures that it has published and to publish other draft measures in accordance with the Intellectual Property Action Plan that it released in April 2020. Outstanding areas to be addressed include areas such as: the protection of trade secrets and confidential business information from unauthorized disclosures by government personnel and third-party experts; criminal enforcement of trade secrets theft; enforcement procedures to combat online infringement, including an effective notice and takedown system; the protection and enforcement of trademark rights, particularly against bad faith trademark registrations; increases in the minimum and maximum levels of statutory damages and criminal penalties for IP infringement; patent term extensions for unreasonable marketing approval delays; and geographical indications.

Meanwhile, in connection with the Phase One Agreement, China has reported increased enforcement actions against counterfeit medicines and increased customs actions against pirated and counterfeit goods. However, China has yet to demonstrate that it has taken the following actions: (1) published data online regarding enforcement actions against counterfeit goods with health and safety risks, enforcement actions at physical markets, and enforcement actions at the border; (2) increased enforcement actions against counterfeits with health and safety risks and at physical markets; (3) increased training of customs personnel; or (4) ensured the use of only licensed software in government agencies and state-owned enterprises.

Going forward, the United States will continue to monitor China's implementation of the IP chapter of the Phase One Agreement. The United States will also assess the impact of the final measures that have been issued by China and the enforcement actions that China takes.

Trade Secrets

Serious inadequacies in the protection and enforcement of trade secrets in China have been the subject of engagement between the United States and China. Several instances of trade secret theft for the benefit of Chinese companies have occurred both within China and outside of China. Offenders in many cases continue to operate with impunity. There are credible reports that actors affiliated with the Chinese Government and the Chinese military have infiltrated the computer systems of U.S. companies, stealing terabytes of data, including the companies' proprietary information and IP, for the purpose of providing commercial advantages to Chinese enterprises.

In high-level bilateral dialogues with the United States over the years, China has committed to issue judicial guidance to strengthen its trade secrets regime. China has also committed not to condone state-sponsored misappropriation of trade secrets for commercial use. In addition, the United States has urged China to make certain key amendments to its trade secrets-related laws and regulations, particularly with regard to a draft revision of the Anti-Unfair Competition Law. The United States has also urged China to take actions to address inadequacies across the range of state-sponsored actors and to promote public awareness of trade secrets disciplines.

At the November 2016 U.S.-China Joint Commission on Commerce and Trade (JCCT) meeting, China claimed that it was strengthening its trade secrets regime and bolstering several areas of importance, including the availability of evidence preservation orders and damages based on market value as well as the issuance of a judicial interpretation on preliminary injunctions and other matters. China amended the Anti-Unfair Competition Law, effective January 2018 and April 2019, as well as the Administrative Licensing Law, effective April 2019, and the Foreign Investment Law, effective January 2020. Nevertheless, the amendments still do not fully address critical shortcomings in the scope of protections and obstacles to enforcement. In 2022, China published additional draft amendments to the Anti-Unfair Competition Law, but they contain few changes to the law's trade secrets provisions. Although China amended the Anti-Unfair Competition Law in June 2025, the amendments did not increase the administrative penalties for trade secret misappropriation. Also, administrative penalties for trade secret misappropriation are no substitute for strengthening criminal enforcement of trade secrets.

The Phase One Agreement provides for significant strengthening of protections for trade secrets and enforcement against trade secret theft in China. In particular, the chapter on IP requires China to expand the scope of civil liability for misappropriation beyond entities directly involved in the manufacture or sale of goods and services, to cover acts such as electronic intrusions as prohibited acts of trade secret theft and to shift the burden of proof in civil cases to the defendants when there is a reasonable indication of trade secret theft. It also requires China to make it easier for right holders to obtain preliminary injunctions to prevent the use of stolen trade secrets, to allow for initiation of criminal investigations without the need to show actual losses, to ensure that criminal enforcement is available for willful trade secret misappropriation, and to prohibit government personnel and third party experts and advisors from engaging in the unauthorized disclosure of undisclosed information, trade secrets, and confidential business information submitted to the government.

In 2020, China published various measures relating to civil, criminal, and administrative enforcement of trade secrets. In September 2020, the Supreme People's Court issued the Provisions on Several Issues Concerning the Application of Law in Civil Cases of Trade Secret Infringement and the Interpretation III on Several Issues Concerning the Application of Law in Handling Criminal Cases of Infringement of

Intellectual Property Rights. In September 2020, the Supreme People’s Procuratorate and the Ministry of Public Security also issued the Decision on Amendment of Docketing for Prosecution of Criminal Trade Secrets Infringement Cases Standards. These measures relate to issues such as the scope of liability for trade secret misappropriation, prohibited acts of trade secret theft, preliminary injunctions, and thresholds for initiations of criminal investigations for trade secret theft. In December 2020, the National People’s Congress passed amendments to the Criminal Law that included changes to the thresholds for criminal investigation and prosecution and the scope of criminal acts of trade secret theft. The Criminal Law amendments require revisions to certain previously issued judicial interpretations and prosecution standards. However, three years after the passage of the Criminal Law amendments, these other measures remain unchanged, and implementation of the Criminal Law amendments therefore remains incomplete. China has only published a draft judicial interpretation, and changes to that draft are needed to implement a new threshold for triggering criminal investigations and prosecutions and to update a related standard issued by the Supreme People’s Court and the Ministry of Public Security.

Bad Faith Trademark Registration

The continuing registration of trademarks in bad faith in China remains a significant concern. For example, “trademark squatters” attempt to take advantage when a genuine trademark owner has not yet registered its trademark in China by registering that trademark and then trying to sell it to the genuine trademark owner. Bad faith trademark registration also occurs when trademarks intending to deceive or confuse consumers are registered.

At the November 2016 JCCT meeting, China publicly noted the harm that can be caused by bad faith trademarks and asserted that it was taking further steps to combat bad faith trademark filings. Amendments to the Trademark Law made in 2019 and subsequent implementing measures, including the State Administration for Market Regulation (SAMR) Provisions on Standardizing Applications for Registrations of Trademarks issued in 2019 and the Trademark Examination and Review Guidelines updated in 2021 by the China National Intellectual Property Administration (CNIPA), require the disallowance of bad faith trademark applications. In January 2023, China proposed further amendments to the Trademark Law regarding bad faith trademarks. Since then, China has sought to address some U.S. concerns regarding bad faith trademark applications, including by issuing a measure intended to provide more consistent and predictable application examination results, by providing a non-use ground for cancellation of a collective or certification mark in another measure and by establishing goals for combating bad faith trademark registrations.

However, implementation in this area by China to date suggests that right holders remain insufficiently protected, as bad faith trademarks remain widespread and problems persist with the large number of inconsistent decisions, low rate of success for oppositions, lack of transparency in opposition proceedings, and unavailability of default judgments against applicants who fail to appear in proceedings. Onerous documentation requirements are also an ongoing concern for right holders. China acceded to the Convention of 5 October 1961 Abolishing the Requirement of Legalization for Foreign Public Documents (Apostille Convention), effective November 2023. The United States continues to monitor China’s implementation of the obligations under the Apostille Convention and whether it addresses right holders’ concerns regarding foreign government document legalization requirements.

As a result of the deficiencies in China’s trademark system, U.S. companies across industry sectors continue to face Chinese applicants registering their marks and “holding them for ransom” or seeking to establish a business building off of U.S. companies’ global reputations. The Phase One Agreement requires China to ensure adequate and effective protection and enforcement of trademark rights, particularly against bad faith trademark registrations. The United States will continue to closely monitor developments in this area of long-standing concern.

Online Infringement

Online piracy continues on a large scale in China, affecting a wide range of industries, including those involved in distributing legitimate music, motion pictures, books and journals, software, and video games. While increased enforcement activities have helped stem the flow of online sales of some pirated offerings, much more sustained action and attention is needed to make a meaningful difference for content creators and right holders, particularly small and medium-sized enterprises. The popularity of electronic commerce (e-commerce) has led many infringers to move online to distribute their pirated and counterfeit goods, which further increases the need for targeted and sustained enforcement measures in the online environment.

The United States has urged China to consider ways to create a broader policy environment to help foster the growth of healthy markets for licensed and legitimate content. The United States has also urged China to revise existing rules that have proven to be counterproductive.

At the November 2016 JCCT meeting, China agreed to actively promote electronic commerce-related legislation, strengthen supervision over online infringement and counterfeiting, and work with the United States to explore the use of new approaches to enhance online enforcement capacity. In December 2016 and November 2017, China published drafts of a new E-Commerce Law for public comment. In written comments, the United States stressed that the final version of this law should not undermine the existing notice-and-takedown system and should promote effective cooperation in deterring online infringement. In August 2018, China adopted its new E-Commerce Law, which entered into force in January 2019. This law was an opportunity for China to institute strong provisions on IP protection and enforcement for its electronic commerce market, which is now the largest in the world. However, as finalized, the law instead introduced provisions that weaken the ability of right holders to protect their rights online and that reduce the liability of China-based electronic commerce platforms for selling counterfeit and other infringing goods.

The Phase One Agreement requires China to provide enforcement procedures that permit effective and expeditious action against infringement in the online environment, including by requiring expeditious takedowns and by ensuring the validity of takedown notices and counter-notifications. It also requires China to take effective action against electronic commerce platforms that fail to take necessary measures against infringement.

In May 2020, the National People's Congress issued the Civil Code, which included updated notice-and-takedown provisions. In September 2020, the Supreme People's Court issued Guiding Opinions on Hearing Intellectual Property Disputes Involving E-Commerce Platform and the Official Reply on the Application of Law in Network-Related Intellectual Property Infringement Disputes. These measures relate to issues such as expeditious takedowns and the validity of notices and counter-notifications. In November 2020, the National People's Congress adopted long-pending amendments to the Copyright Law, including provisions relating to increasing civil remedies for copyright infringement, new rights of public performance and broadcasting for producers of sound recordings, and protections against the circumvention of technological protection measures. Right holders have welcomed these developments but have noted the need for effective implementation as well as new measures to address online piracy. The United States will closely monitor the impact of these measures going forward.

In August 2021, SAMR issued draft amendments to the E-Commerce Law for public comment. These draft amendments further attempt to address concerns that have been raised about procedures and penalties under China's notice-and-takedown system.

Counterfeit Goods

Counterfeiting in China remains widespread and affects a wide range of goods. In April 2019, China amended its Trademark Law, effective November 2019, to require civil courts to order the destruction of counterfeit goods, but these amendments still do not provide the full scope of civil remedies for right holders. One of many areas of particular U.S. concern involves medications. Despite years of sustained engagement by the United States, China has failed to adequately improve its regulation of the manufacture of active pharmaceutical ingredients to prevent their use in counterfeit and substandard medications. At the July 2014 meeting of the S&ED, China committed to develop amendments to the Drug Administration Law that will require regulatory control of the manufacturers of bulk chemicals that can be used as active pharmaceutical ingredients. At the June 2015 S&ED meeting, China further committed to publish revisions to the Drug Administration Law in draft form for public comment and to consider the views of the United States and other relevant stakeholders. In October 2017, China published limited draft revisions to the Drug Administration Law and stated that future proposed revisions to the remainder of this law would be forthcoming. Although the final Drug Administration Law, issued in August 2019, requires pharmaceuticals products and active pharmaceutical ingredients to meet manufacturing standards, it remains unclear how these requirements are being implemented or enforced. In October 2025, NMPA released a draft measure, the Administrative Measures for Drug Quality Sampling and Testing, for public comment.

The Phase One Agreement requires China to take effective enforcement action against counterfeit pharmaceuticals and related products, including active pharmaceutical ingredients, and to significantly increase actions to stop the manufacture and distribution of counterfeits with significant health or safety risks. The agreement also requires China to provide that its judicial authorities shall order the forfeiture and destruction of pirated and counterfeit goods, along with the materials and implements predominantly used in their manufacture. In addition, the agreement requires China to significantly increase the number of enforcement actions at physical markets in China and against goods that are exported or in transit. It further requires China to ensure, through third party audits, that government agencies and state-owned enterprises only use licensed software.

In August 2020, SAMR issued the Opinions on Strengthening the Destruction of Infringing and Counterfeit Goods, and the State Council amended the Provisions on the Transfer of Suspected Criminal Cases by Administrative Organs for Law Enforcement, which relate to the transfer of IP cases from administrative authorities to criminal authorities. China has reported increased enforcement actions against counterfeit medicines and increased customs actions against pirated and counterfeit goods, but has yet to demonstrate that it has increased enforcement actions against counterfeits with health and safety risks and at physical markets, increased training of customs personnel, and ensured the use of only licensed software in government agencies and state-owned enterprises.

Indigenous Innovation

Policies aimed at promoting China's "indigenous innovation" continue to represent an important component of China's industrialization efforts. Through intensive, high-level bilateral engagement with China since 2009, the United States has attempted to address these policies, which provide various preferences when IP is owned or developed in China, both broadly across sectors of China's economy and specifically in the government procurement context. Nevertheless, China continues to pursue myriad policies that require or favor the ownership or development of IP in China.

Over the years, the underlying thrust of China's indigenous innovation policies has remained unchanged, as China's leadership has continued to emphasize the necessity of advancing indigenous innovation capabilities. Through plans such as the 14th Five-Year Plan for the Protection and Utilization of National

Intellectual Property Rights, China has continued to implement discriminatory policies encouraging “indigenous IP rights” and “core technologies” that are owned or developed in China. Accordingly, USTR has used mechanisms like a Section 301 investigation to seek to address, among other things, China’s use of indigenous innovation policies that effectively force or pressure foreigners to transfer their technologies to Chinese companies or develop their IP in China.

SERVICES BARRIERS

Overview

In 2025, numerous challenges persisted in a number of services sectors. As in past years, Chinese regulators continued to use discriminatory regulatory processes, informal bans on entry and expansion, case-by-case approvals in some services sectors, overly burdensome licensing and operating requirements, and other means to frustrate the efforts of U.S. suppliers of services to achieve their full market potential in China. These policies and practices affect U.S. service suppliers across a wide range of sectors, including cloud computing, telecommunications, film production and distribution, online video and entertainment services, express delivery, and legal services. In addition, China’s Cybersecurity Law and related implementing measures include mandates to purchase domestic information and communications technology (ICT) products and services, while China’s Cybersecurity Law, Data Security Law, and Personal Information Protection Law, and related implementing measures include excessive restrictions on cross-border data flows and excessive requirements to store and process data locally. These types of data measures undermine U.S. services suppliers’ ability to take advantage of market access opportunities in China by prohibiting or severely restricting cross-border transfers of information that are routine in the ordinary course of business and are fundamental to any business activity. China’s data localization requirements also raise concerns about state surveillance. In addition, China has failed to fully address U.S. concerns in areas that have been the subject of WTO dispute settlement, including electronic payment services and theatrical film importation and distribution.

The Phase One Agreement addresses a number of longstanding trade and investment barriers to U.S. providers of a wide range of financial services, including banking, insurance, securities, asset management, credit rating, and electronic payment services, among others. The barriers addressed in the agreement include joint venture requirements, foreign equity limitations, and various discriminatory regulatory requirements. Removal of these barriers is designed to allow U.S. financial service providers to compete on a more level playing field and expand their services export offerings in the China market. Nevertheless, China’s excessive restrictions on cross-border data flows and data localization requirements could continue to create significant challenges for U.S. financial service providers in China.

Banking Services

Although China has opened its banking sector to foreign competition in the form of wholly foreign-owned banks, China has maintained restrictions on market access in other ways. These restrictions have kept foreign banks from establishing, expanding, and obtaining significant market share in China, including through capital controls and minimum asset thresholds.

Some years ago, China did take some steps to ease or remove market access restrictions. For example, China removed a number of long-standing barriers for foreign banks, including the \$10 billion minimum asset requirement for establishing a foreign bank in China and the \$20 billion minimum asset requirement for setting up a Chinese branch of a foreign bank. China also removed the cap on the equity interest that a single foreign investor can hold in a Chinese-owned bank.

In the Phase One Agreement, China committed to expand opportunities for U.S. financial institutions, including bank branches, to supply securities investment fund custody services by considering their global assets when they seek licenses. China also agreed to review and approve qualified applications by U.S. financial institutions for securities investment fund custody licenses on an expeditious basis. In addition, China committed to consider the international qualifications of U.S. financial institutions when evaluating license applications for Type-A lead underwriting services for all types of non-financial debt instruments in China. The United States will continue to monitor developments in this sector.

Securities, Asset Management, and Futures Services

In the Phase One Agreement, China committed to remove the foreign equity caps in the securities, asset management, and futures sectors by no later than April 1, 2020. China also committed to ensure that U.S. suppliers of securities, asset management, and futures services are able to access China's market on a non-discriminatory basis, including with regard to the review and approval of license applications.

Consistent with its commitments in the Phase One Agreement, China announced that it would allow wholly foreign-owned companies for the securities and asset (*i.e.*, fund) management sectors as of April 1, 2020, and that it would allow wholly foreign-owned companies for the futures sector as of January 1, 2020. Prior to these announcements, China had maintained a foreign equity cap of 51 percent for these sectors. Over the past five years, some U.S. financial institutions have applied for and received licenses to operate as wholly foreign-owned enterprises in these sectors. The United States is monitoring these and other developments as U.S. companies continue to seek to obtain licenses and undertake operations in these sectors.

Insurance Services

In the Phase One Agreement, China committed to accelerate the removal of the foreign equity caps for life, pension, and health insurance so that they are removed no later than April 1, 2020. In addition, China confirmed the removal of the 30-year operating requirement, known as a "seasoning" requirement, which had been applied to foreign insurers seeking to establish operations in China in all insurance sectors. China also committed to remove all other discriminatory regulatory requirements and processes and to expeditiously review and approve license applications.

Consistent with China's commitments in the Phase One Agreement, the China Banking and Insurance Regulatory Commission (CBIRC) announced that China would allow wholly foreign-owned companies for the life, pension, and health insurance sectors as of January 1, 2020. Prior to this announcement, China had maintained foreign equity caps and only permitted foreign companies to establish as Chinese-foreign joint ventures in these sectors. In December 2020, CBIRC issued a measure that provided further transparency regarding its intention to allow foreign-invested companies to take advantage of this opening.

In other insurance sectors, the United States continues to encourage China to establish more transparent procedures so as to better enable foreign participation in China's market. Sectors in need of more transparency include export credit insurance and political risk insurance.

Finally, some U.S. insurance companies established in China have encountered difficulties in getting CBIRC, replaced by the National Administration of Financial Regulation (NAFR) in March 2023, to issue timely approvals of their requests to open up new internal branches to expand their operations. The United States continues to urge NAFR to issue timely approvals when U.S. insurance companies seek to expand their branch networks in China.

Electronic Payment Services

In a WTO dispute that it launched in 2010, the United States challenged China's restrictions on foreign companies, including major U.S. credit and debit card processing companies, which had been seeking to supply electronic payment services to banks and other businesses that issue or accept credit and debit cards in China. The United States argued that China had committed in its WTO accession agreement to open up this sector in 2006, and a WTO panel agreed with the United States in a decision issued in 2012. China subsequently agreed to comply with the WTO panel's rulings in 2013, but China did not allow foreign suppliers to apply for licenses until June 2017, when China's regulator—PBOC—finalized the establishment of a two-step licensing process in which a supplier must first complete one year of preparatory work before being able to apply for a license.

As of January 2020, when the United States and China entered into the Phase One Agreement, no foreign supplier of electronic payment services had been able to secure the license needed to operate in China's market due largely to delays caused by PBOC. At times, PBOC had refused even to accept applications to begin preparatory work from U.S. suppliers, the first of two required steps in the licensing process. Meanwhile, throughout the years that China actively delayed opening up its market to foreign suppliers, China's national champion, China Union Pay, used its exclusive access to domestic currency transactions in the China market, and the revenues that come with it, to support its efforts to build out its electronic payment services network abroad, including in the United States. In other words, China maintained market-distorting practices that benefit its own companies, even in the face of adverse rulings at the WTO.

In the Phase One Agreement, China committed to ensure that PBOC operates an improved and timely licensing process for U.S. suppliers of electronic payment services so as to facilitate their access to China's market. In June 2020, four months after the entry into force of the Phase One Agreement, American Express became the first foreign supplier of electronic payment services to secure a license from PBOC to operate in China's market. In November 2023, after years of delays, Mastercard was finally able to secure a license to operate in the China market. Meanwhile, PBOC has been delaying action for even longer periods of time on the licensing application submitted by another U.S. supplier, Visa. The United States continues to closely monitor this situation with concern.

Internet-Enabled Payment Services

PBOC first issued regulations for non-bank suppliers of online payment services in 2010, and it subsequently began processing applications for licensees. Regulations were further strengthened in 2015, with additional provisions aimed at increasing security and traceability of transactions. According to a U.S. industry report, of more than 200 licenses issued as of June 2014, only two had been issued to foreign-invested suppliers, and those two were for very limited services. The U.S. industry report provided clear evidence supporting U.S. stakeholder concerns about the difficulties they faced entering China's market and the slow process foreign suppliers face in getting licensed. In 2018, PBOC announced that it would allow foreign suppliers, on a nondiscriminatory basis, to supply Internet-enabled payment services. At the same time, as in many other sectors, PBOC requires suppliers to localize their data and facilities in China. In January 2021, PayPal became the first foreign company to obtain full ownership of a payment platform in China, along with a license to supply payment services. The United States will continue to closely monitor developments in this area.

Telecommunications Services

China's restrictions on basic telecommunications services, such as an informal ban on new entry, a 49 percent foreign equity cap, a requirement that foreign suppliers can only enter into joint ventures with state-owned enterprises, and exceedingly high capital requirements, have blocked foreign suppliers from

accessing China's basic telecommunications services market. Since China acceded to the WTO more than two decades ago, not a single foreign firm has succeeded in establishing a new joint venture to enter this sector.

Restrictions maintained by China on less highly regulated value-added telecommunications services also have created serious barriers to market entry for foreign suppliers seeking to enter this sector. These restrictions include opaque and arbitrary licensing procedures, foreign equity caps, and periodic, unjustified moratoria on the issuance of new licenses. As a result, only a few dozen foreign-invested suppliers have secured licenses to provide value-added telecommunications services, while there are thousands of licensed domestic suppliers.

Internet Regulatory Regime

China's Internet regulatory regime is restrictive and non-transparent, affecting a broad range of commercial services activities conducted via the Internet, and is overseen by multiple agencies without clear lines of jurisdiction. China's Internet economy has boomed over the past decade and is second in size only to that of the United States. Growth in China has been significant in service sectors similar to those found in the United States, including retail websites, search engines, vocational and adult online education, travel, advertising, audio-visual and computer gaming services, electronic mail and text, online job searches, Internet consulting, mapping services, applications, web domain registration, and electronic trading. However, in the China market, Chinese companies dominate due in large part to restrictions imposed on foreign companies by the Chinese Government. At the same time, foreign companies continue to encounter major difficulties in attempting to offer these and other Internet-based services on a cross-border basis.

China continues to engage in extensive blocking of legitimate websites, imposing significant costs on both suppliers and users of web-based services and products. China currently blocks most of the largest global sites, and U.S. industry research has calculated that more than 10,000 sites are blocked, affecting billions of dollars in business, including communications, networking, application stores, news, and other sites. Even when sites are not permanently blocked, the often arbitrary implementation of blocking, and the performance-degrading effect of filtering all traffic into and outside of China, significantly impair the supply of many cross-border services, often to the point of making them unviable.

Voice over Internet Protocol Services

While computer-to-computer Voice over Internet Protocol (VOIP) services are permitted in China, China's regulatory authorities have restricted the ability to offer VOIP services interconnected to the public switched telecommunications network (*i.e.*, to call a traditional phone number) to basic telecommunications service licensees. There is no obvious rationale for such a restriction, which deprives consumers of a useful communication option, and the United States continues to advocate for eliminating it.

Cloud Computing Services

China's treatment of foreign companies seeking to participate in the development of cloud computing services, including computer data processing and storage services and software application services provided over the Internet, is problematic. China prohibits foreign companies established in China from directly providing any of these services. Given the difficulty in providing these services on a cross-border basis (largely due to restrictive Chinese policies), the only option that a foreign company has to access the China market is to establish a contractual partnership with a Chinese company, which is the holder of the necessary Internet data center license, and turn over its valuable technology, IP, know-how, and branding as part of this arrangement. While the foreign service supplier earns a licensing fee from the arrangement, it has no direct relationship with customers in China and no ability to independently develop its business.

It has essentially handed over its business to a Chinese company that may well become a global competitor. This treatment has generated serious concerns in the United States and among other WTO Members as well as U.S. and other foreign companies.

In major markets, including China, cloud computing services are typically offered through commercial presence in one of two ways. They are offered as an integrated service in which the owner and operator of a telecommunication network also offers computing services, including data storage and processing function, over that network, or they are offered as a stand-alone computer service, with connectivity to the computing service site provided separately by a telecommunications service supplier. Although China's commitments under the WTO General Agreement on Trade in Services (GATS) include services relevant to both of these approaches, neither one is currently open to foreign-invested companies in China.

In October 2024, the Ministry of Industry and Information Technology (MIIT) launched a pilot program in four free trade zones, including in Beijing and Shanghai, that is supposed to allow foreign companies to wholly own and operate Internet data centers and content delivery networks. It is not yet clear whether this program will result in any commercially meaningful market access openings. Going forward, the United States is closely monitoring developments in this sector.

Audiovisual and Related Services

China prohibits foreign companies from providing film production and distribution services in China. In addition, China's restrictions in the area of theater services have wholly discouraged investment by foreign companies in cinemas in China.

Meanwhile, China's restrictions on services associated with television and radio greatly limit participation by foreign suppliers. For example, China prohibits retransmission of foreign television (TV) channels, foreign investment in TV production, and foreign investment in TV stations and channels. China also imposes quotas on the amount of foreign programming that can be shown on a Chinese TV channel each day. In addition, the National Radio and Television Administration (NRTA) issued a problematic draft measure in 2018 to impose new restrictions, which although never issued in final form, appears to have been implemented in China as a matter of practice, including by online audio-visual platforms. These restrictions include limiting foreign content to no more than 30 percent of available total programs in each of several categories, including foreign movies, TV shows, cartoons, and documentaries, and prohibiting foreign content in prime time.

Theatrical Films

In February 2012, the United States and China reached an alternative resolution with regard to certain rulings relating to the importation and distribution of theatrical films in a WTO dispute that the United States had won. The two sides signed a memorandum of understanding (MOU) providing for substantial increases in the number of foreign films imported and distributed in China each year, along with substantial additional revenue for U.S. film producers. However, China has not yet fully implemented its MOU commitments, including with regard to critical commitments to open up film distribution opportunities for imported films. As a result, the United States has been pressing China for full implementation of the MOU.

In 2017, in accordance with the terms of the MOU, the two sides began discussions regarding the provision of further meaningful compensation to the United States in an updated MOU. These discussions continued until March 2018, before stalling when China embarked on a major government reorganization that involved significant changes for China's Film Bureau. Discussions resumed in 2019 as part of the broader U.S.–China trade negotiations that began following a meeting between the two countries' Presidents on the margins of the Group of 20 Heads of State and Government Summit in Buenos Aires in December 2018.

To date, no agreement has been reached on the further meaningful compensation that China owes to the United States. The United States will continue pressing China to fulfill its obligations.

Online Video and Entertainment Services

China restricts the online supply of foreign video and entertainment services through measures affecting both content and distribution platforms, as part of its governance structure. China requires foreign companies to license their content to Chinese companies and also imposes burdensome restrictions on content, which are implemented through exhaustive content review requirements that are based on vague and otherwise non-transparent criteria. With respect to distribution platforms, NRTA has required Chinese online platform suppliers to spend no more than 30 percent of their acquisition budget on foreign content. NRTA has also instituted numerous measures that prevent foreign suppliers from qualifying for a license, such as requirements that video platforms all be Chinese-owned. NRTA and other Chinese regulatory authorities have also taken actions to prevent the cross-border supply of online video services, which may implicate China's GATS commitments relating to video distribution.

Legal Services

China restricts the types of legal services that can be provided by foreign law firms, including through a prohibition on foreign law firms hiring lawyers qualified to practice Chinese law. China also restricts the ability of foreign law firms to represent their clients before Chinese Government agencies and imposes lengthy delays on foreign law firms seeking to establish new offices. In addition, beginning with the version of China's Foreign Investment Negative List that entered into force in July 2020, China has added an explicit prohibition on the ability of a foreign lawyer to become a partner in a domestic law firm. Reportedly, China is also considering draft regulatory measures that would even further restrict the ability of foreign law firms to operate in China.

Express Delivery Services

The United States continues to have concerns regarding China's implementation of the 2009 Postal Law and related regulations through which China prevents foreign service suppliers from participating in the document segment of its domestic express delivery market. Meanwhile, in the package segment, China applies overly burdensome and inconsistent regulatory approaches and reportedly has provided more favorable treatment to Chinese service suppliers when awarding business permits. China also does not always allow foreign service suppliers to participate on an equal basis in the development of laws, regulations, and other measures, including standards, for the express delivery services sector, nor does China always publicly announce the requirements for obtaining a business license.

Other Digitally-Enabled Services and Digital Products

Data Restrictions

In 2025, China continued to build out its expansive state control over the collection, storage, processing, and sharing of data. China's Data Security Law entered into force in September 2021, and China's Personal Information Protection Law entered into force in November 2021. These laws operate together with the Cybersecurity Law, which took effect in June 2017, the National Security Law, which has been in effect since 2015, and various implementing measures, including the Security Assessment Measures for Outbound Transfers of Data, which took effect in September 2022, to prohibit or severely restrict cross-border transfers of "important data," a broadly and vaguely defined term, and, in certain cases, personal information collected by companies through their operations in China. These laws and implementing measures also impose local data storage and processing requirements on companies operating in China that

collect “important data” and, in certain cases, personal information. China’s data localization requirements also raise concerns about state surveillance.

In March 2024, China’s Provisions to Promote and Regulate the Cross-Border Flow of Data took effect. This measure addresses certain aspects of the Security Assessment Measures for Outbound Transfers of Data with more specificity, but significant U.S. concerns remain, including with regard to the issue of cross-border transfers of “important data.” Recently, China has initiated several pilot projects in its FTZs relating to cross-border transfers of data, although it is not yet clear whether any meaningful changes will result.

Cross-border transfers of data are routine in the ordinary course of business in many sectors and are fundamental to business activity in those sectors. Given the wide range of businesses and business activities that are dependent on cross-border transfers of data and flexible access to global computing facilities, these developments continue to generate serious concerns in the United States and many other countries.

Secure and Controllable Information and Communication Technology Policies

Implementing measures for China’s Cybersecurity Law remain a continued source of serious concern since the law’s enactment in 2016. These measures are overbroad and serve to promote China’s domestic industry at the expense of the industries of China’s trading partners. Of particular concern are the Measures for Cybersecurity Review, first issued in 2016 and later updated in 2020 and 2021. This measure implements one element of the cybersecurity regime created by the Cybersecurity Law. Specifically, the measure puts in place a review process to regulate the purchase of ICT products and services by critical information infrastructure operators and online platform operators in China. In addition, in September 2022, China published a draft revision of the Cybersecurity Law with a 15-day public comment period. In October 2025, this revision was issued in final form, effective January 1, 2026. It introduces penalties on operators of critical information infrastructure who use products or services that have not undergone the required security review, and it also raises fines for certain violations of the Cybersecurity Law.

As demonstrated in implementing measures for the Cybersecurity Law, China’s approach is to impose severe restrictions on a wide range of U.S. and other foreign ICT products and services with an apparent objective of supporting China’s technology localization policies by encouraging the replacement of foreign ICT products and services with domestic ones. U.S. and other foreign stakeholders and governments around the world expressed serious concerns about requirements that ICT equipment and other ICT products and services in critical sectors be “secure and controllable,” as these requirements are used by the Chinese Government to disadvantage foreign companies.

In addition to the Cybersecurity Law, China has referenced its “secure and controllable” requirements in a variety of measures dating back to 2013. Through these measures, China has mandated that Chinese information technology users purchase Chinese products and favor Chinese service suppliers, imposed domestic research and development (R&D) requirements, considered the location of R&D as a cybersecurity risk factor, and required the transfer or disclosure of source code or other IP. In the 2019 update of the Measures for Cybersecurity Review, China added political, diplomatic, and other “non-market” developments as potential risk factors to be considered. U.S. stakeholders report that, since 2024, they have faced intensified scrutiny under the Cybersecurity Law with a growing emphasis on network security assessments, enhanced data localization mandates and expanded responsibilities for “network operators” to cooperate with law enforcement.

In addition, in 2015, China enacted a National Security Law and a Counterterrorism Law, which include provisions citing not only national security and counterterrorism objectives but also economic and industrial policies. The State Council also published a plan in 2015 that sets a timetable for adopting “secure and controllable” products and services in critical government ministries by 2020.

Meanwhile, sector-specific policies under this broad framework continue to be proposed and deployed across China's economy. A high-profile example from December 2014 was a proposed measure drafted by the China Banking Regulatory Commission that called for 75 percent of ICT products used in the banking system to be "secure and controllable" by 2019 and that would have imposed a series of criteria that would shut out foreign ICT providers from China's banking sector. Not long afterwards, a similar measure was proposed for the insurance sector.

In 2015, the United States, in concert with other governments and stakeholders around the world, raised serious concerns about China's "secure and controllable" regime at the highest levels of government within China. During a state visit in September 2015 in Washington, D.C., the U.S. and Chinese Presidents committed to a set of principles for trade in information technologies. The issue also was raised in connection with the June 2015 S&ED meeting and the November 2015 JCCT meeting, with China making a series of additional important commitments with regard to technology policy. China reiterated many of these commitments at the November 2016 JCCT meeting, where China affirmed that its "secure and controllable" policies are not to unnecessarily limit or prevent commercial sales opportunities for foreign ICT suppliers or unnecessarily impose nationality-based conditions and restrictions on commercial ICT purchases, sales or uses. China also agreed that it would notify relevant technical regulations to the WTO TBT Committee.

Again, however, China has not honored its promises. The numerous draft and final implementation measures issued by China since 2017 in the area of cybersecurity raise serious questions about China's approach to cybersecurity regulation. China's measures do not appear to be in line with China's prior commitments, and global stakeholders have grown even more concerned about the implications of China's ICT security measures across the many economic sectors that employ digital technologies.

Finally, the United States and U.S. stakeholders remain concerned about a nonpublic document authored by the State-owned Asset Supervision and Administration Commission (SASAC) in 2022. Known as Document 79, this document reportedly sets out timelines for using only secure and controllable ICT products in the ICT systems of the Chinese Government, the CCP, and state-owned enterprises. The nonpublic nature of Document 79 and China's lack of transparency with regard to a policy that affects a broad range of industries signal that China may be seeking to evade past commitments to the maintenance of a non-discriminatory, non-trade restrictive approach to cybersecurity regulation.

Encryption

Use of ICT products and services is increasingly dependent on robust encryption, an essential functionality for protecting privacy and safeguarding sensitive commercial information. Onerous requirements on the use of encryption, including intrusive approval processes and, in many cases, mandatory use of indigenous encryption algorithms (*e.g.*, for Wi-Fi and 4G cellular products), continue to be cited by U.S. stakeholders as a significant trade barrier.

In October 2019, China adopted a Cryptography Law that includes restrictive requirements for commercial encryption products that "involve national security, the national economy and people's lives, and public interest," which must undergo a security assessment. This broad definition of commercial encryption products that must undergo a security assessment raises concerns that the new Cryptography Law will lead to unnecessary restrictions on foreign ICT products and services. In August 2020, the State Cryptography Administration issued the draft Commercial Cryptography Administrative Regulations to implement the Cryptography Law. This draft measure did not address the concerns that the United States and numerous other stakeholders had raised regarding the Cryptography Law.

The United States continues to monitor implementation of the Cryptography Law and related measures. The United States will remain vigilant toward the introduction of any new requirements hindering technologically neutral use of robust, standardized encryption.

INVESTMENT BARRIERS

China protects many domestic industries through a restrictive investment regime, and many aspects of China's investment regime continue to cause serious concerns for foreign investors. For example, China's Foreign Investment Law and implementing regulations, both of which entered into force in January 2020, perpetuate separate regimes for domestic investors and investments and foreign investors and investments.

There has also been a lack of substantial liberalization of China's investment regime, evidenced by the continued application of prohibitions, foreign equity caps and joint venture requirements, and other restrictions in certain sectors. China's most recent version of its Foreign Investment Negative List, issued in 2024, provides no meaningful reductions in the significant investment restrictions that continue to apply in a number of areas important to foreign investors, such as key services sectors, certain types of agriculture and several extractive industries. With regard to services sectors, China maintains prohibitions or restrictions in key sectors such as cloud computing services and other Internet-related services, telecommunications services, film production and film distribution services, and video and entertainment software services. With regard to agriculture, China maintains prohibitions on the development of agricultural biotechnologies and restrictions on the development of new varieties of corn and wheat. Similarly, China maintains prohibitions on the exploration, mining, and processing of all of the 17 types of rare earths as well as tungsten.

In February 2025, China's State Council released the 2025 Action Plan to Stabilize Foreign Investment which included measures intended to attract and retain foreign investment in key sectors, including biotechnology, education, healthcare, and telecommunications. China has issued similar guidance in the past without meaningfully following through.

China's Foreign Investment Law, implementing regulations, and other related measures suggest that China is pursuing the objective of replacing its case-by-case administrative approval system for a broad range of investments with a system that would only be applied to "restricted" sectors. However, it remains unclear whether China is fully achieving that objective in practice. Moreover, even for sectors that have been liberalized, the potential for heightened licensing requirements for foreign companies or the application of licensing processes that disadvantage foreign companies could make it difficult to achieve meaningful market access. In addition, the increasingly adverse impact of China's National Security Law, Cybersecurity Law, Data Security Law and Personal Information Protection Law and related implementing measures, have serious negative implications for foreign investors and investments. Foreign companies also continue to report that Chinese Government officials may condition investment approval on a requirement that a foreign company transfer technology, conduct R&D in China, satisfy performance requirements relating to exportation or the use of local content or make valuable, deal-specific commercial concessions.

Over the years, the United States has repeatedly raised concerns with China about its restrictive investment regime. Given that China's investment restrictions place pressure on U.S. companies to transfer technology to Chinese companies, they were a focus of USTR's Section 301 investigation initiated in August 2017. The responsive actions taken by the United States in that investigation are intended in part to address this concern.

In recent years, the investment climate has become more challenging, in large part because of actions taken by the Chinese Government. For example, purportedly in implementing amendments to China's Counterespionage Law that broaden the definition of espionage, in 2023, Chinese security officials raided and detained staff at several multinational companies operating in China that help investors perform due diligence in China. With no effective judicial recourse or other means for challenging these actions, investors have reported that their confidence in China has been severely damaged.

SUBSIDIES

Industrial Subsidies

China continues to provide massive subsidies to its domestic industries, which have caused injury to U.S. industries and the industries of other WTO Members. Some of these subsidies also appear to be prohibited under WTO rules. Over the years, to the extent possible, the United States has sought to address these subsidies through countervailing duty proceedings conducted by the U.S. Department of Commerce and dispute settlement cases at the WTO.

The United States and other WTO Members have continued to press China to notify all of its subsidies to the WTO in accordance with its WTO obligations, while also submitting counter notifications listing hundreds of subsidy programs that China has failed to notify. Since joining the WTO more than 20 years ago, China has not yet submitted to the WTO a complete notification of subsidies maintained by the central government, and it did not notify a single sub-central government subsidy until July 2016, when it provided information largely only on sub-central government subsidies that the United States had challenged as prohibited subsidies in a WTO dispute. While China has notified a small number of sub-central government subsidies in its more recent subsidy notifications, these notifications are extremely limited and do not address the most distortionary sub-central government subsidies, such as the increasingly prolific, and very large, "government guidance funds" that can be found at all levels of government in China. The United States continued to press China on significant non-notified subsidy programs such as the First Set Technology Equipment Program in 2025.

Agricultural Domestic Support

For several years, China has been significantly increasing the value of domestic subsidies and other support measures for its agricultural sector. China maintains direct payment programs, minimum support prices for basic commodities, and input subsidies. China has implemented a cotton reserve system, based on minimum purchase prices, and cotton target price programs. In 2016, China established subsidies for starch and ethanol producers to incentivize the purchase of domestic corn, resulting in higher volumes of exports of processed corn products from China in 2017 and 2018. In addition, in 2022, China began encouraging soybean production through various support programs, such as through increased subsidies for crop rotations, awards to counties with high oilseed production, incentives to promote the intercropping of corn and soybeans, and subsidies for "demonstration farming" of soybeans on alkali and salty land.

There is also evidence that China subsidizes its livestock industry, including at the provincial and local government levels. For example, in the swine industry, state-owned banks offer large-scale swine operations discounted loans, while provincial and local governments offer preferential land deals and rail and utility consolidation. Meanwhile, in the dairy industry, provincial and local governments offer subsidies for milk and whole milk powder production.

China submitted a notification concerning domestic support measures to the WTO in May 2015, but China only provided information up to 2010. In December 2018, China notified domestic support measures for

the period 2011–2016. This notification showed that China had exceeded its *de minimis* level of domestic support for soybeans (in 2012, 2014, and 2015), cotton (from 2011 to 2016), corn (from 2013 to 2016), rapeseed (from 2011 to 2013), and sugar (2012). The situation was likely even worse, as the methodologies used by China to calculate domestic support levels result in underestimates. Moreover, the support programs notified by China seemingly failed to account for support given at the sub-national level by provincial and local governments and, possibly, support administered through state-owned enterprises. In December 2022 and September 2024, China submitted additional notifications concerning domestic support measures for the years 2017 through 2022. These notifications show that China exceeded *de minimis* support for wheat, rice, and soybeans in 2017, 2018, and 2019.

In September 2016, the United States launched a WTO dispute challenging China's Government support for the production of wheat, corn, and rice as being in excess of China's commitments. Like other WTO Members, China had committed to limit its support for producers of agricultural commodities. China's market price support programs for wheat, corn, and rice appear to provide support far exceeding the agreed levels. This excessive support creates price distortions and skews the playing field against U.S. farmers. The WTO panel considering the case issued its decision in February 2019, ruling that China's domestic support for wheat and rice was WTO-inconsistent. In July 2020, the United States submitted a request for authorization to suspend concessions and other obligations pursuant to Article 22 of the DSU on the ground that China had failed to bring its measures into compliance with its WTO obligations. After China objected to this request, the matter was referred to arbitration pursuant to Article 22 of the DSU. The arbitration is currently suspended, and the United States continues to closely monitor the operation of China's market price support programs for wheat and rice.

Fisheries Subsidies

China maintains one of the largest fleets of fishing vessels in the world, estimated at 486,530 vessels, and accounts for more than one third of all distant-water fishing. China provides excessive subsidies, particularly for distant water fishing, that enable its fishing fleets to travel beyond China's national jurisdiction to fish, legally and illegally, in the waters of other nations and on the high seas. Estimates of China's subsidies range between \$4 billion and \$6 billion per year, with more than one half going to distant water fishing fleets. The subsidies going to China's distant-water fishing fleets are estimated to be worth 20 to 40 percent of the value of the catch, which indicates that China's distant water fishing would not be economically viable absent substantial government support.

China is the world's largest producer of marine capture fisheries and, in the years since its WTO accession, has continued to support its fishing fleet through subsidies and other market-distorting means. China's annual fisheries harvest is nearly double that of the next two largest producers in the world in terms of marine capture and triple that of other top producers, like the United States. At the same time, reports continue to emerge about Chinese-flagged distant-water fishing vessels engaging in illegal, unreported, and unregulated (IUU) fishing, including in areas under the jurisdiction of other WTO Members. While China has made some progress in reducing subsidies to domestic fisheries, it continues to shift its overcapacity fisheries beyond its waters by providing a much higher rate of subsidy support to Chinese distant water fishery enterprises.

For several years, the United States has been raising its long-standing concerns over China's fisheries subsidies programs. In 2015, the United States submitted a written request for information pursuant to Article 25.8 of the WTO Agreement on Subsidies and Countervailing Measures (Subsidies Agreement). This submission addressed fisheries subsidies provided by China at central and sub-central levels of government. The subsidies at issue were set forth in nearly 40 measures and included a wide range of subsidies, including fishing vessel acquisition and renovation grants, grants for new fishing equipment, subsidies for insurance, subsidized loans for processing facilities, fuel subsidies, and the preferential

provision of water, electricity, and land. When China did not respond to this request, the United States submitted an Article 25.10 counter-notification covering these same measures. More recent subsidy notifications by China have been more fulsome, but still incomplete.

In addition, the United States has long been an active and constructive participant in the WTO fisheries subsidies negotiations, pressing for a meaningful outcome to prohibit the most harmful types of fisheries subsidies. The United States and various like-minded WTO Members put forward several proposals designed to achieve an ambitious outcome for those negotiations. Notably, in June 2022, WTO Members adopted the text of the WTO Agreement on Fisheries Subsidies, which includes several important disciplines, including prohibitions on subsidies to vessels or operators engaged in IUU fishing, subsidies to fishing regarding stocks that are overfished, and subsidies to fishing on the unregulated high seas. This agreement also contains robust transparency provisions to strengthen WTO Members' subsidy notifications and to enable effective monitoring of WTO Members' implementation of their obligations. It entered into force in September 2025.

Going forward, the United States will continue to investigate the full extent of China's fisheries subsidies and will continue to press China to fully comply with its relevant WTO subsidy obligations. The United States also will urge WTO Members to support additional, ambitious disciplines on harmful fisheries subsidies as part of the further WTO negotiations on fisheries subsidies.

Excess Capacity

Because China employs a state-led approach to the economy and its economy is the second largest in the world, China is the world's leading offender in the creation of non-market excess capacity. For years, China has been responsible for maintaining severe and persistent excess capacity in several industries, including steel, aluminum, solar, and shipbuilding. China is also creating severe excess capacity in other industries, such as electric vehicles and legacy semiconductors, through its pursuit of industrial plans such as Made in China 2025, pursuant to which the Chinese Government is providing hundreds of billions of dollars to support Chinese companies and requiring them to achieve preset targets for domestic market share—at the expense of imports—and global market share in each of 10 broad advanced manufacturing sectors.

In manufacturing sectors such as steel, aluminum, and shipbuilding, China's economic planners have contributed to massive excess capacity in China through various government support measures, often in furtherance of China's industrial targeting. For steel, the resulting overproduction has distorted global markets, harming U.S. workers and manufacturers in both the U.S. market and third country markets, where U.S. exports of steel and steel-intensive products compete with exports from China. This overproduction has similarly harmed the workers and manufacturers of many U.S. allies and partners. While China has previously acknowledged excess capacity in its steel and aluminum industries, it has yet to take meaningful steps to address the root causes of this problem in a sustainable way. Indeed, China continues to replicate these results in other industries.

China's steel excess capacity rose 16 percent by the third quarter of 2025 compared to the third quarter of 2024. Moreover, China's share of the global steel excess capacity rose to 54 percent in the third quarter of 2025 from 47 percent in the third quarter of 2024. In 2025, China's steelmaking capacity represents 46 percent of global capacity and more than twice the combined steelmaking capacity of Brazil, Canada, the EU, Mexico, Japan, and the United States.

In the first half of 2025, China alone contributed to 134.8 million metric tons (MMT) of global excess capacity volume in non-annualized terms. China's excess capacity increased to 45 percent of the global capacity-demand gap, up from 38.4 percent in the first half of 2024. This development has important

implications for the United States and other market-oriented steel-producing countries, especially given the sheer size of China's steel industry in terms of global capacity (46.2 percent), production (54.6 percent) and exports (31.6 percent). This ballooning of China's steel production, when combined with weakening economic growth and a slowdown in the Chinese construction sector, has led to the global market being flooded with excess steel and steel-intensive products at a time when steel and other manufacturing sectors outside of China are facing renewed weakness in market conditions, a slowdown in world economic growth, and continued disruptions in supply chains.

For full-year 2025, China's steel exports are projected to surpass the historic record of 118 MMT that China reached in 2024. In fact, China is exporting more steel than the world's second, third, fourth and fifth largest steel producers—India, Japan, the United States, and Russia—combined. At the same time, China's steel production also remains far dirtier than the steel production that it displaces in the United States and most other countries. Many countries have responded to these market developments with varying effectiveness by imposing antidumping and countervailing duty orders, safeguard measures, raising tariffs on steel imports to WTO-bound rates, taking national security actions, and imposing other trade measures.

The buildup in excess capacity in the Chinese steel industry is largely attributed to China's persistent use of non-market policies and practices. For example, between 2021 and 2024, documented subsidies such as grants, income tax concessions, and below-market borrowings as a share of the total revenues of Chinese steel enterprises increased from 2 percent to 4 percent, while these subsidies as a share of steel industry revenues in the rest of the world totaled less than 1 percent each year. The Chinese Government has also intervened aggressively to restructure the geographic placement of China's steel industry. Often framed as policies to reduce environmental burdens in heavily populated areas, these initiatives not only support relocation of existing excess capacity into concentrated industry clusters like coastal industrial parks, but also heavily subsidize simultaneous facility upgrades and expansions of relocated facilities. In addition, China has also used policies such as export restraints, including export duties, to confer unfair advantages on its domestic steel producers that incentivize additional domestic steel capacity and production. These measures include a 40 percent export tax on ferrous and stainless scrap and a 20 percent export tariff on pig iron as well as other export restraints on additional key steelmaking raw materials.

Excess capacity in China's steel sector boosts the price competitiveness of China's downstream manufacturing industries in global markets through the provision of artificially low-priced steel inputs. For example, in the shipbuilding sector, steel constitutes a significant percentage of a vessel's cost. However, reports indicate that Chinese steel is substantially cheaper than in market-oriented economies.

State-directed mergers and acquisitions in the Chinese steel sector have been framed by China as a means for increasing efficiency and reducing excess capacity, but rather has contributed to it. In 2009, the State Council issued the Steel Industry Adjustment and Revitalization Plan, which set a target of creating five large steel groups controlling 45 percent or more of total national production capacity, with at least 40 percent of production capacity concentrated along rivers and in coastal regions. This industrial plan and other industrial policy measures, including the 14th Five-Year Plan for Development of Raw Materials Industries (2021), the Guiding Opinion Regarding Promoting High Quality Development in the Steel Industry (2022), and the Work Plan for Stable Growth in the Steel Industry (2023), also refer to “capacity replacement policy support” for steel producers engaging in mergers and reorganizations, which effectively exempted these enterprises from otherwise stated prohibitions on new projects without elimination of an equal or greater amount of existing capacity.

Despite an acknowledgement by the State Council of the significant growth in “surplus production capacity” in China's steel sector as far back as 2009, China's crude steelmaking capacity continued to increase, rising from 980 million metric tons in 2009 to 1.142 billion metric tons in 2023. During this period, China's state-owned steel producers increased production and market shares, both in the China

market and in global markets. In addition, between 2009 and 2023, the shares of domestic crude steel production and global crude steel production attributable to the top four state-owned steel producers in China alone increased from 14.1 percent to 25.8 percent and from 6.5 percent to 13.9 percent, respectively.

Similarly, primary aluminum production capacity in China increased by more than 1,600 percent between 2000 and 2023, with China accounting for 80 percent of global capacity growth during that period. China's expansion of production capacity has driven price declines globally, but even with these low prices, China has continued to expand its production capacity, including into downstream aluminum-intensive products. Much of this additional capacity has been built with government support. China's primary aluminum capacity accounts for 57 percent of global capacity and is more than double the capacity of the next eight aluminum-producing countries combined. As in the steel sector, China's aluminum production has also ballooned in recent years, as China's aluminum production has continued to increase despite domestic and global demand shocks. China's capacity and production continue to contribute to major imbalances and price distortions in global markets, harming aluminum producers and workers in the United States and other market economies.

In China's shipbuilding sector, non-market policies and practices have led to a significant build up in excess capacity, undercutting foreign competition and consolidating China's dominant position globally. As a result, Chinese shipbuilders increased their share of all merchant tonnage produced globally from 5 percent in 1999 to over 50 percent in 2023, increasing China's ownership of the global commercial fleet to 19 percent, while securing control of 95 percent of shipping containers and 86 percent of the world's supply of intermodal chassis, among other components and products.

Excess capacity in China hurts various U.S. industries and workers not only through direct exports from China to the United States, but also through its impact on global prices and supply and through the indirect trade of steel and aluminum-intensive products, which makes it difficult for competitive manufacturers throughout the world to remain viable. Indeed, domestic industries in many of China's trading partners continue to petition their respective governments to impose trade measures to respond to the trade-distortive effects of China's excess capacity. In addition, the United States has acted under Section 232 of the Trade Expansion Act of 1962 to impose additional duties on steel, aluminum, and derivative steel and aluminum products after finding that these products are being imported into the United States in such quantities and under such circumstances as to threaten to impair U.S. national security. In the absence of efforts to redress China's anticompetitive behavior, the risk is that steel and aluminum producers in the United States and many other countries with market-oriented economies will be forced to close, which would, among other things, create even greater dependencies on China.

Non-market policies and practices that emanate from China's state-led industrial plans consistently generate severe and persistent excess capacity, sometimes even when China is not targeting a particular industry for domestic and global dominance. Excess capacity is materializing in more and more Chinese industries in a dynamic that economists are labeling "China Shock 2.0." Faced with an acute crisis in the real estate sector and struggling manufacturers coming out of the COVID-19 pandemic, governments at all levels in China have increased their financial and regulatory support for manufacturers in traditional industries like steel, aluminum, household appliances, fertilizers, and machine tools, as well as for manufacturers in emerging, high technology industries. These interventions have led to production well in excess of domestic demand in many sectors, and, in some sectors, such as solar, three or four times the level of global demand. In all of these sectors, with domestic demand in China remaining weak, a wide range of low-priced manufactured goods have been flooding export markets. Given China's economic size as the second largest economy in the world and the largest trader among WTO Members, China's excess capacity has global implications, and those implications are broadly negative for China's trading partners.

ANTI-COMPETITIVE PRACTICES

As previously reported, China's implementation of the Anti-Monopoly Law has generated various concerns. A key concern is the extent to which the Anti-Monopoly Law is applied to foreign companies. Many U.S.-headquartered companies have cited selective enforcement of the Anti-Monopoly Law against foreign companies seeking to do business in China as a major concern, and they have highlighted in particular the comparatively limited enforcement of this law against domestic state-owned enterprises.

While Chinese regulatory authorities have clarified that the Anti-Monopoly Law does apply to state-owned enterprises, to date they have brought enforcement actions primarily against provincial government-level state-owned enterprises, rather than central government-level state-owned enterprises under the supervision of SASAC. Moreover, the enforcement actions that do take place, along with any corresponding penalties imposed, are not open and transparent to the public. In addition, provisions in the Anti-Monopoly Law protect the lawful operations of state-owned enterprises and government monopolies in industries deemed nationally important.

Still another concern relates to how implementing rules for the Anti-Monopoly Law define anticompetitive behavior in the development of standards and the licensing and implementation of standards-essential patents. These rules, the Anti-Monopoly Guidelines in the Field of Standard Essential Patents, were issued in November 2024 by the State Administration for Market Regulation (SAMR). U.S. industry fears that Anti-Monopoly Law enforcement will be misused for the purpose of depressing the value of foreign-owned IP in key technologies, including by finding Anti-Monopoly Law violations with regard to the licensing of patents in the absence of actual harm to competition or the competitive process. U.S. stakeholders have also raised concerns about the potential misuse of anti-monopoly enforcement to favor Chinese companies, especially in cases involving complex technologies.

There are also concerns about insufficient predictability, due process, and transparency in investigative processes of foreign companies conducted under the Anti-Monopoly Law. For example, U.S. stakeholders report that, through the threat of steep fines and other penalties, China's regulatory authorities have pressured foreign companies to "cooperate" in the face of unspecified allegations and have discouraged or prevented foreign companies from bringing counsel to meetings. In addition, U.S. companies continue to report that the Chinese regulatory authorities sometimes make "informal" suggestions regarding appropriate company behavior, including how a company is to behave outside China, strongly suggesting that a failure to comply may result in investigations and possible punishment. More recently, high-level policy statements suggest increased Anti-Monopoly Law enforcement where technology owned or controlled by foreign companies allegedly implicates national security concerns or implicates technology being prioritized for indigenous innovation in China.

The Anti-Monopoly Law's provisions on the abuse of administrative (*i.e.*, government) power are potentially important instruments for reducing the government's interference in markets and for promoting the establishment and maintenance of increasingly competitive markets in China. The State Council's adoption of the Opinions on Establishing a Fair Competition Review System in 2016 reflected a widening of oversight by China's anti-monopoly enforcement agencies over undue government restraints on competition and anticompetitive regulation of competition. Increased oversight in this area was also reflected in the amendments to the Anti-Monopoly Law in 2022, which included a new chapter regarding the abuse of administrative monopoly. SAMR has since issued rules regarding the abuse of administrative monopoly, and SAMR has also identified the elimination of administrative monopolies as an enforcement priority. It remains to be seen whether SAMR will have sufficient authority and resources to implement this enforcement priority robustly.

In recent years, the use of Anti-Monopoly Law investigations as a method of political retaliation against trading partners has appeared to increase. For example, in 2025, as bilateral relations with the United States became more fraught, China initiated several Anti-Monopoly Law investigations into U.S. companies. By the end of 2025, as bilateral relations with the United States improved, China had terminated or suspended these investigations. Through these actions, China demonstrated that these investigations were being pursued for retaliatory purposes, further undermining any pretense of legitimate investigations.

STATE-OWNED ENTERPRISES

While many provisions in China's WTO accession agreement indirectly discipline the activities of state-owned and state-invested enterprises, China also agreed to some specific disciplines. In particular, it agreed that laws, regulations, and other measures relating to the purchase of goods or services for commercial sale by state-owned and state-invested enterprises, or relating to the production of goods or supply of services for commercial sale or for non-governmental purposes by state-owned and state-invested enterprises, would be subject to certain specified WTO rules. China also affirmatively agreed that state-owned and state-invested enterprises would have to make purchases and sales based solely on commercial considerations, such as price, quality, marketability, and availability, and that the Chinese Government would not directly or indirectly influence the commercial decisions of state-owned and state-invested enterprises. In addition, China agreed that enterprises of other WTO Members would have an adequate opportunity to compete for sales to and purchases from state-owned and invested enterprises on non-discriminatory terms and conditions.

In subsequent bilateral dialogues with the United States, China made further commitments. In particular, China committed to develop a market environment of fair competition for enterprises of all kinds of ownership and to provide them with non-discriminatory treatment in terms of credit provision, taxation incentives, and regulatory policies.

However, instead of adopting measures giving effect to its commitments, China took steps intended to strengthen the role of state-owned and state-invested enterprises in the economy and to protect them against foreign competition. China established the SASAC in 2003 and adopted the Law on State-owned Assets of Enterprises in 2008, in addition to numerous other measures that mandate state ownership and control of many important industrial sectors. The CCP also ensured itself a decisive role in state-owned and state-invested enterprises' major business decisions, personnel changes, project arrangements, and movement of funds. The fundamental premise of these measures is to enable the Chinese Government and the CCP to intervene in the business strategies, management, and investments of these enterprises in order to ensure that they play a dominant role in the national economy in line with the overall objective of developing China's "socialist market economy" and China's plans for industrial domination. Over the past few years, Party leadership in state-owned and state-invested enterprises has been strengthened through practices such as appointing a person as both the chairman of the board and the Party secretary for a state-owned enterprise and requiring the establishment of party committees in state-owned enterprises.

In its 2013 Third Plenum Decision, China endorsed a number of far-reaching economic reform pronouncements, which called for making the market "decisive" in allocating resources, reducing Chinese Government intervention in the economy, accelerating China's opening up to foreign goods and services and improving transparency and the rule of law to allow fair competition in China's market. It also called for "reforming" China's state-owned and state-invested enterprises.

However, rather than actually embrace the role of the market, China sought to strengthen the role of the state in the economy, including the role of state-owned enterprises in the economy. Statements by China's President also made clear that China continues to view the role of the state very differently from the United

States and other market economies. In October 2016, China's President called for strengthening the role of the CCP in state-owned enterprises and emphasized that state-owned enterprises should be "important forces" to implement national strategies and enhance national power. More broadly, in February 2019, in an article in a CCP journal, China's President further called for the strengthening of the Party's "leadership over the rule of law," and he vowed that China "must never copy the models or practices of other countries" and "we must never follow the path of Western 'constitutionalism,' 'separation of powers' or 'judicial independence.'"

With regard to the reform of China's state-owned enterprises, one example of China's efforts included an announcement that China would classify these enterprises into commercial, strategic, or public interest categories and require commercial state-owned and state-invested enterprises to garner reasonable returns on capital. However, this plan also allowed for divergence from commercially driven results to meet broadly construed national security interests, including energy and resource interests and cyber and information security interests. In recent years, China has also sought to strengthen the role of its state-owned enterprises in a number of sectors through mergers to create larger, consolidated, and more powerful enterprises, while also increasing the investment of state capital into sectors that the state deems strategic. Similarly, in recent years, China pursued reforms through efforts to realize "mixed ownership." These efforts included largely unsuccessful attempts to pressure private companies to invest in, or merge with, state-owned and state-invested enterprises as a way to inject innovative practices into and create new opportunities for inefficient state-owned and state-invested enterprises. None of these various reforms have strengthened the role of the market. Rather, they have strengthened the role of state-owned enterprises in the economy while directing increasing amounts of state capital toward certain industries, including those specified in Made in China 2025, in pursuit of China's industrial domination objectives.

Perhaps the most significant change affecting China's state-owned and state-invested enterprises has involved the efforts to strengthen the CCP's decisive role in these enterprises' major business decisions, personnel changes, project arrangements and movement of funds. Over the past few years, Party leadership in state-owned and state-invested enterprises has been strengthened through practices such as appointing a person as both the chairman of the board and the Party secretary for a state-owned enterprise, requiring the establishment of Party committees in state-owned enterprises and mandating that the Party committee's legal position within the governance structure of an enterprise is clearly defined in the enterprise's articles of association. In addition, all major corporate decisions must be submitted to the Party committee for discussion and approval before they are submitted to the board of directors, giving the CCP *de facto* veto rights over all major corporate decisions. The fundamental premise of these measures is to ensure that state-owned and state-invested enterprises are firmly in the hands of the Party and fully aligned with the CCP's objectives of industrial domination and developing China's so-called "socialist market economy."

Previously, China had also publicly indicated that it would consider adopting the principle of "competitive neutrality" for state-owned enterprises, despite ignoring this principle in its ownership, governance, and support for its SOEs. However, China has continued to pursue policies that further enshrine the dominant role of the state and its industrial plans when it comes to the operation of state-owned and state-invested enterprises. For example, China has adopted rules ensuring that the Chinese Government continues to have full authority over how state-owned and state-invested enterprises use allocations of state capital and over the projects that state-owned enterprises pursue. One of the most aggressive approaches was seen in China's declining real estate sector, where state-owned enterprises took over new projects in an effort to sustain this sector following the 2021 collapse of the private real estate market.

Overall, while China's efforts at times have appeared to signal a high-level determination to accelerate needed economic reforms, China has undertaken no meaningful reform that would decrease the state or Party's pervasive influence over the economy. It also seems clear that China's past policy initiatives were not designed to reduce the presence of state-owned and state-invested enterprises in China's economy or to

force them to compete on the same terms as private commercial operators. Rather, the reform objectives were to strengthen state-owned and state-invested enterprises through consolidation, increased access to state capital, preferential access to goods and services and the use of other non-market policies and practices designed to give these enterprises unfair competitive advantages, both in China and globally. Indeed, recent Chinese Government statements indicate that, in the upcoming 15th Five-Year Plan period covering 2026 through 2030, China intends to increase the role of its state-owned and state-invested enterprises and state capital throughout its economy and its supply chains and to make these enterprises stronger and better able to further China's industrial policy and self-sufficiency goals.

Like China's state-owned and state-invested enterprises, China's private companies also benefit from a wide array of state intervention and support designed to promote the development of China's domestic industries in accordance with China's industrial domination objectives. In recent years, the CCP has sought to strengthen the Party's influence over private companies through Party committees. Although the influence of Party organizations in private companies may appear more attenuated than in state-owned and state-invested enterprises, the Party retains control over private companies, and the Party has been pushing private companies to mimic state-owned and state-invested enterprises by incorporating "Party building" into their articles of incorporation.

Meanwhile, as previously discussed, the unfair situation confronting foreign companies in China is not limited to the unfair competitive advantages affirmatively provided to both state-owned and state-invested enterprises and private Chinese companies by the Chinese state. The state's non-market interventions and support to bolster and advantage them represent only part of the story, as the state also routinely deploys these interventions and support in concert with other non-market policies and practices that act to restrict, take advantage of, discriminate against or otherwise create disadvantages for foreign companies and their technologies, products and services.

LABOR

The Chinese Government represses internationally recognized labor rights, fails to adequately enforce existing prohibitions on forced labor and engages in widespread state-sponsored forced labor. China has been the subject of international attention for its forced labor practices, especially in the Xinjiang Uyghur Autonomous Region (Xinjiang), where China has arbitrarily detained more than one million Uyghurs and other mostly Muslim minorities. Victims, news media and think tanks report that the Chinese Government continues to transfer non-interred members of persecuted groups to work involuntarily within and outside Xinjiang under threat of internment. Indeed, Xinjiang's five-year plan for 2021 to 2025 projected 13.75 million labor transfers. In addition, factories frequently engage in coercive recruitment, limit workers' freedom of movement and communication and subject workers to constant surveillance, retribution for religious beliefs, exclusion from community and social life, and isolation. It is estimated that hundreds of thousands of Uyghurs, ethnic Kazakhs, and members of other Muslim minority groups are being subjected to forced labor in China following detention. Based on the U.S. Government's independent analysis of these sources, the U.S. Government has taken several actions to address forced labor and other human rights abuses in Xinjiang.

Over the years, the U.S. Department of Homeland Security's Customs and Border Protection (CBP) has issued several withhold release orders (WROs) pursuant to section 307 of the Tariff Act of 1930 based on information that reasonably indicates the use of detainee or prison labor and situations of forced labor in Xinjiang. One of them, issued in January 2021, was a region-wide WRO on cotton and tomato products and all downstream goods containing those products.

In July 2020, the United States issued a Xinjiang Supply Chain Business Advisory for U.S. businesses whose supply chains run through Xinjiang, China. The United States updated this advisory in July 2021. As updated, the advisory calls urgent attention to U.S. businesses' supply chain risks and identifies investing and sourcing considerations for businesses and individuals with exposure to entities engaged in forced labor and other human rights abuses linked to Xinjiang. The advisory also describes U.S. Government actions taken to counter the use of forced labor in Xinjiang and to prohibit the importation of goods produced in whole or in part with forced labor or convict labor. In September 2023, the United States issued an addendum to the advisory to further highlight reports on state-sponsored forced labor and human rights abuses in Xinjiang and to stress the urgency for businesses to undertake appropriate due diligence measures.

The Uyghur Forced Labor Prevention Act (UFLPA) was enacted in December 2021. Among other things, the UFLPA subsumed previously issued WROs and established a rebuttable presumption that the importation of goods from Xinjiang is prohibited under section 307 of the Tariff Act of 1930. This rebuttable presumption took effect in June 2022.

As required by the UFLPA, the United States issued an enforcement strategy, entitled Strategy to Prevent the Importation of Goods Mined, Produced, or Manufactured with Forced Labor in the People's Republic of China, in June 2022 and published updates in 2023, 2024 and 2025. To date, this enforcement strategy and its updates have identified 12 high-priority sectors for enforcement, including aluminum, apparel, caustic soda, copper, cotton and cotton products, jujubes, lithium, polyvinyl chloride, seafood, silica-based products (including polysilicon), steel, and tomatoes and downstream products.

The UFLPA also requires the United States to compile and update an Entity List, which is subject to the rebuttable presumption that importation of goods from Xinjiang is prohibited under Section 307 of the Tariff Act of 1930. It consists of a consolidated register of four distinct lists, including: (1) a list of entities in Xinjiang that mine, produce or manufacture wholly or in part any goods, wares, articles, and merchandise with forced labor; (2) a list of entities working with the Government of Xinjiang to recruit, transport, transfer, harbor, or receive forced labor or Uyghurs, Kazakhs, Kyrgyz, or members of other persecuted groups out of Xinjiang; (3) a list of entities that exported products mined, produced, or manufactured by entities in lists 1 or 2 above from China into the United States; and (4) a list of facilities and entities, including the Xinjiang Production and Construction Corps, that source material from Xinjiang or from persons working with the Government of Xinjiang or the Xinjiang Production and Construction Corps for purposes of the "poverty alleviation" program or the "pairing assistance" program or any other government labor scheme that uses forced labor.

As of December 31, 2025, the U.S. Government has added 144 entities to the UFLPA Entity List since the implementation of the UFLPA. In addition, CBP examined 18,049 shipments, valued at \$3.81 billion in total, to ensure that goods made with forced labor do not enter U.S. commerce.

It remains difficult to conduct credible, third-party supply chain audits or other due diligence to ensure that supply chains are free of links to forced labor or labor transfer programs, as China has taken steps to deter these inquiries. At the same time, there is no evidence that China has taken any steps toward ending its sponsorship of forced labor practices and other human rights abuses in Xinjiang. Indeed, China's initial response was to conduct raids and impose significant restrictions on U.S. and other foreign consulting companies in China that provide due diligence for foreign investors. Subsequently, China began retaliating against multinational companies that have heeded the Xinjiang Business Advisory and complied with the UFLPA Enforcement Strategy, particularly when these companies have announced their plans publicly. For example, China has actively discouraged Chinese consumers from purchasing the products made by several of these companies, and it even placed a large U.S. apparel company on its so-called "Unreliable

Entity List” for “violating normal market trading practices” because this company made a public pledge to move its cotton sourcing out of Xinjiang.

In addition to UFLPA enforcement, CBP maintains an active WRO against Chinese entities. On May 28, 2025, CBP issued a WRO against seafood harvested by the Zhen Fa 7 fishing vessel, based on information that reasonably indicates the use of forced labor. In addition, on April 10, 2024, CBP issued a WRO against work gloves produced by Shanghai Select Safety Products Company, Limited and its two subsidiaries, based on information that reasonably indicates the use of forced labor.

Separately, in June 2022, the United States issued the National Security Memorandum on Combating Illegal, Unreported and Unregulated Fishing and Associated Labor Abuses. This memorandum notes that, if left unchecked, IUU fishing and associated labor rights abuses threaten the livelihoods and human rights of fishers around the world and will undermine U.S. economic competitiveness, national security, and fishery sustainability.

China also does not adhere to certain internationally recognized labor standards, including those relating to freedom of association and effective recognition of the right to collective bargaining. Chinese law provides for the right to associate and form a union, but does not allow workers to form or join an independent union of their own choosing. Unions must affiliate with the official All-China Federation of Trade Unions (ACFTU), which is under the direction of the CCP. Workers at enterprises in China are required to accept the ACFTU as their representative. They cannot instead select another union or decide not to have any union representation. Only collective bargaining through the ACFTU is permitted, and there is no legal obligation for an employer to bargain in good faith. Striking is also prohibited.

ENVIRONMENT

Illegal Logging and Associated Trade

Trade in illegally harvested timber puts U.S. companies that comply with environmental laws at an unfair disadvantage, funds transnational criminal organizations, and harms the environment and local communities. U.S. stakeholders have expressed concerns that processed products entering the U.S. market from China could include timber illegally exported from the country of harvest, as a result of weak environmental laws and enforcement in China. China’s revised Forest Law came into effect on July 1, 2020. Article 65 of the Forest Law bans the purchase, process, and transport of illegally sourced timber. Draft implementing measures for the revised law were released for public comment in 2022. However, whether these measures are applicable to imported timber remains unclear. More than half of the timber used in Chinese-manufactured wood products is imported from nearly 200 countries, and nearly all tropical hardwoods imported into China are considered high risk for illegal logging. Illegal logging also depresses global wood prices, potentially further disadvantaging U.S. producers.

Illegal Wildlife Trade and Associated Crimes

Wildlife trafficking is a serious transnational crime that threatens security and economic prosperity. China is a top source and destination for wildlife products and the world’s largest market for trafficked wildlife. Weak penalties for wildlife crimes, as well as poor environmental law enforcement and corruption, facilitate this illicit activity. Illegal wildlife trade undercuts legitimate U.S. businesses, for example in the pet, fashion, and medical research sectors, that comply with strict regulations and sustainable practices and contaminates global supply chains, which may be riddled with illicit product that can ultimately reach U.S. consumers.

Illegal, Unreported, and Unregulated Fishing

China's distant-water fishing fleet is the world's largest. Chinese-flagged fishing vessels are frequently accused of IUU fishing and other harmful fishing practices in other nations' Exclusive Economic Zones and on the high seas. IUU fishing leads to market distortions through artificially suppressed prices and puts U.S. fishermen and seafood producers at a disadvantage when competing against IUU fishing vessels and their products. The Chinese Government also provides massive subsidies to its fishing fleet, which enables these practices and gives Chinese operators an unfair advantage over American fishers who legally operate within strict domestic and international frameworks.

In 2024, the United States imported \$1.5 billion of fish products from China.

Illegal Mining

U.S. stakeholders report substantial engagement by Chinese companies in illegal mining activities across Africa, Latin America, Southeast Asia and the Pacific. China is a major destination for illegally mined gold, critical minerals, and rare earths. These highly environmentally damaging illegal mining activities are facilitated by weak regulatory enforcement and corruption, and are reportedly often tied to local as well as transnational criminal gangs. Illegal mining by Chinese companies undercuts U.S. companies that comply with environmental laws and labor standards.

Effect of Import Ban on Scrap Materials, Recyclable Materials, and on Recycling Markets

Since 2017, China has issued numerous measures that limit or ban imports of most scrap and recovered materials, such as certain types of plastic, paper, and metals. China has also employed import licensing and inspection measures to restrict imports of scrap materials. Notably, China does not universally apply similar restrictions to domestic processors of domestically sourced scrap and recovered materials.

China restricts almost all imports of unprocessed scrap and recyclable materials. China only allows imports of certain processed materials, including "recycled raw materials" such as copper, steel, aluminum and brass that meet purity standards and pelletized scrap plastic. Wet-milled pulped scrap paper is also allowed, but in October 2025 China introduced new contamination and inspection requirements, effectively restricting imports of dry-milled pulped scrap paper. These restrictions have impacted the global market for scrap and recovered materials and raised the costs of recycling in the United States as U.S. exporters seek domestic processing facilities or other international buyers.

Additionally, other countries, particularly in Southeast Asia, have introduced their own regulatory changes that in some ways parallel the changes in China's import regime, such as setting impossibly high purity standards for recyclable materials, imposing new import licensing requirements, and requiring pre-shipment and post-shipment inspections. As a result, significant amounts of U.S. scrap materials and recyclable materials have not found new buyers, leading to increased landfilling, incineration, and air pollution and increased demand for virgin materials globally.

Import Ban on Remanufactured Products

Outside of free trade zones, China prohibits the importation of remanufactured products, which it typically classifies as used goods. China also maintains restrictions that prevent remanufacturing process inputs (known as cores) from being imported into China's customs territory, except special economic zones. These import prohibitions and restrictions undermine the development of industries in many sectors in China, including mining, agriculture, healthcare, transportation, and communications, because companies in these industries are unable to purchase high-quality, lower-cost remanufactured products produced

outside of China. Nevertheless, China is apparently prepared to pay this price in order to limit imports of remanufactured goods.

OTHER BARRIERS

Export Restraints

Over the years, China has deployed a combination of export restraints, including export quotas, export licensing, minimum export prices, export duties, and other restrictions including so-called “export controls,” on a number of basic critical minerals where China holds the leverage of being among the world’s leading producers. In many instances, through these export restraints, it appears that China has been able to provide substantial economic advantages to a wide range of downstream producers in China at the expense of foreign downstream producers, while creating pressure on foreign downstream producers to move their operations, technologies, and jobs to China. As intended, these export restraints have served China’s industrial policy goal of dominance in the production and processing of critical minerals.

In 2013, China removed its export quotas and duties on several raw material inputs of key interest to the U.S. steel, aluminum, and chemicals industries after the United States won a dispute against China at the WTO. In 2014, the United States won a second WTO dispute, focusing on China’s export restraints on rare earths, tungsten, and molybdenum, which are key inputs for a multitude of U.S.-made products, including hybrid automobile batteries, wind turbines, energy-efficient lighting, steel, advanced electronics, automobiles, petroleum, and chemicals. China removed those export restraints in 2015. In 2016, the United States launched a third WTO dispute challenging export restraints maintained by China. The challenged export restraints include export quotas and export duties maintained by China on various forms of 11 raw materials, including antimony, chromium, cobalt, copper, graphite, indium, lead, magnesia, talc, tantalum, and tin. These raw materials are key inputs in important U.S. manufacturing industries, including aerospace, automotive, construction, and electronics.

While China appears to have removed the challenged export restraints, China has nevertheless deployed other policies and practices to achieve its underlying objective of dominance, particularly when it comes to rare earths. These newer measures have included domestic mining and processing quotas for rare earths, which have had the effect of limiting the availability of processed rare earths to China’s trading partners. More recently, China even expanded its processing quota to apply to both domestically mined rare earths and imported rare earths, further restricting the availability of processed rare earths to China’s trading partners. In addition, since 2023, China has also been requiring exporters to provide detailed reporting on transactions involving rare earths. Indeed, foreshadowing subsequent future restrictive regulation of rare earths under China’s export control regime, this measure also provides that rare earths exporters need to abide by laws and regulations in the area of export controls.

In 2023, China significantly escalated its use of export restraints and demonstrated that it was prepared to weaponize its dominant role in critical minerals supply chains when China began using its export control regime to regulate global access to basic critical minerals. At first, China used its export control regime to require export licenses for products containing gallium, germanium and graphite, which are key inputs for the global semiconductor sector. Subsequently, in 2024, China began requiring export licenses for products containing antimony. Then, in February 2025, China imposed export controls on five critical minerals: tungsten, tellurium, bismuth, molybdenum and indium. Soon thereafter, in April 2025, China imposed export controls on seven medium and heavy rare earths—samarium, gadolinium, terbium, dysprosium, lutetium, scandium, and yttrium—including items containing those rare earths, such as certain permanent magnets. In October 2025, China added additional medium and heavy rare earths to its export control regime—holmium, erbium, thulium, europium, and ytterbium—and also expanded its export controls to a

range of rare earths production and processing technologies and equipment. At that same time, China imposed export controls on lithium batteries, components, and technologies for use in vehicles and energy storage.

China's export controls on rare earths in particular have had a dramatic impact on a range of global industries, including the automotive, aerospace, medical device, wireless technology equipment, and other advanced manufacturing industries. In 2025, numerous factories in the United States and other countries had to temporarily shut down their production facilities because of an inability to secure shipments of needed rare earth magnets and other items in a timely manner from Chinese exporters.

China is a major global producer of not only many critical minerals but also other industrial raw materials, and China has repeatedly used its dominant position to confer unfair advantages on its domestic industries that use these industrial raw materials. China's dominance of and restrictions on exports of these important inputs disrupts global industrial supply chains while increasing the supply of these products for Chinese manufacturers, thereby improving their competitiveness at the expense of market-oriented producers in other countries.

Separately, in November 2021, China announced an export ban on certain fertilizers. In June 2024, China imposed further export restrictions on fertilizers. Despite repeated requests from its trading partners to lift this export ban and help address growing international concern over rising commodity prices and disrupted global supply chains, China continues to maintain the export ban.

Trade Remedies

As of December 31, 2025, China had 8 ongoing antidumping investigations and 100 antidumping measures in place, affecting imports from 15 countries or regions. China also had one ongoing countervailing duty investigation and four countervailing duty measures in place, affecting imports from two countries or regions. In addition, China imposed a remedial measure in one safeguard investigation. China has also indefinitely suspended two antidumping investigations and terminated one final anti-circumvention measure involving imports from the United States.

The most significant systemic shortcomings in China's antidumping and countervailing duty practice continue to be in the areas of transparency and due process.

The conduct of antidumping investigations by China's Ministry of Commerce (MOFCOM) continues to fall short of full commitment to the fundamental tenets of transparency and procedural fairness embodied in the WTO Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, commonly known as the Anti-Dumping Agreement. The United States and other WTO Members accordingly have expressed concerns about key lapses in transparency and due process in China's conduct of antidumping investigations. The principal areas of concern include: MOFCOM's inadequate disclosure of key documents placed on the record by domestic Chinese producers; insufficient disclosures of the essential facts underlying MOFCOM decisions, such as dumping margin calculations and evidence supporting injury and dumping conclusions; MOFCOM's failure to issue supplemental questionnaires in instances where MOFCOM identifies information deficiencies; the improper rejection of U.S. respondents' reported cost and sales data; the unjustified use of facts available; and MOFCOM's failure to adequately address critical arguments or evidence put forward by interested parties. These aspects of China's antidumping practice have been raised with MOFCOM in numerous proceedings at the WTO over the past several years.

A review of China's conduct of countervailing duty investigations makes clear that, as in the antidumping area, China has failed to adequately improve its transparency and due process when conducting these

investigations. In addition, the United States has noted procedural concerns specific to China's conduct of countervailing duty investigations. For example, in recent years, China has initiated investigations of alleged subsidies that raised concerns, given the requirements regarding "sufficient evidence" in Article 11.2 of the WTO Subsidies Agreement. The United States is also concerned about China's application of facts available under Article 12.7 of the WTO Subsidies Agreement.

The United States has also raised substantive concerns about China's trade remedies practice. For example, in certain past antidumping investigations of U.S. imports, China has determined—without legal or factual support—that costs and prices in certain U.S. markets are distorted, and therefore unusable, because of so-called "non-market situations." China has also made other determinations without legal or factual support. For example, in the final countervailing duty determination on imports of n-propanol from the United States, China found without legal or factual support that alleged subsidies to the U.S. oil and gas sector automatically passed through to petrochemical products.

Meanwhile, over the years, China has utilized antidumping and countervailing duty investigations as a retaliatory tool intended to discourage the United States and other trading partners from the legitimate exercise of their rights under WTO antidumping and countervailing duty rules and the trade remedy provisions of China's accession agreement. It also appears that China has used arbitrary economic and trade measures, including antidumping and countervailing duty investigations, as a form of economic coercion designed to achieve China's political goals. The antidumping and countervailing duties that China imposed on imports of Australian barley in 2021 and the antidumping duties that China imposed on imports of Australian wine in 2021 are two examples of this practice, as China used them to express dissatisfaction with political statements and actions taken by the Australian Government. More recently, in 2024, China launched antidumping investigations of imports of brandy, pork, and dairy products from the EU as the EU's anti-subsidy investigation of Chinese electric vehicle imports proceeded. These moves by China represented an attempt to threaten repercussions against individual EU Member States and to divide the EU if the EU were to impose countervailing duties against Chinese electrical vehicle imports, regardless of whether the EU strictly followed the rules and procedures established by the WTO Subsidies Agreement in conducting its anti-subsidy investigation.

In 2025, China announced several trade remedies investigations and other similar investigations targeted at U.S. companies and U.S. imports when bilateral relations with the United States became more fraught. However, by the end of 2025, as bilateral relations with the United States improved, China terminated or suspended these investigations. Through these actions, China demonstrated that these investigations were being pursued strictly for retaliatory purposes, further undermining the pretense of legitimate investigations.

Pharmaceuticals

For several years, the United States has pressed China on a range of pharmaceuticals issues. These issues have related to matters such as overly restrictive patent application examination practices, regulatory approvals that are delayed or linked to extraneous criteria, weak protections against the unfair commercial use and unauthorized disclosure of regulatory data, issues with the implementation of an efficient mechanism to resolve patent infringement disputes, requirements to share ownership with a Chinese partner of patent rights arising from research generated by using human genetic resources in China, and implementation of patent term extensions for unreasonable marketing approval delays, including limits on the type of protection provided. While China has implemented some helpful reforms, the United States still has many of the same concerns with China's pharmaceutical market, especially as it pertains to treatment of foreign companies.

In its WTO accession agreement, China committed to provide effective protection against unfair commercial use and unauthorized disclosure of undisclosed test or other data generated to obtain marketing

approval for pharmaceutical products. To provide this protection, known as regulatory data protection (RDP), China committed to enact laws and regulations to ensure that no person, other than the submitter of the data, could rely on the submitted data in a product approval application without permission from the submitter for six years from the date on which China granted marketing approval to the submitter.

More than 15 years later, in 2017, CFDA finally issued several draft notices addressing the issue of RDP. These draft notices set out a conceptual framework to protect against the unfair commercial use and unauthorized disclosure of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products, and they also sought to promote the efficient resolution of patent disputes between right holders and the producers of generic pharmaceuticals. However, the proposed framework did not provide for a six-year period of RDP despite the commitment that China had made in its WTO accession agreement.

In 2018, CFDA's successor agency, NMPA, issued draft Drug Registration Regulations and draft implementing measures on drug trial data that would preclude or condition the duration of RDP on whether clinical trials occur in China and whether marketing approval is sought first in China. Subsequently, China issued a revised Drug Administration Law in 2019, followed by NMPA's revised draft Drug Registration Regulations in 2020 and NMPA's revised draft Drug Administration Law Implementing Regulations in 2021. In March 2025, NMPA issued the draft Implementation Measures for Drug Clinical Trial Data Protection and the draft Drug Trial Data Protection Procedures for public comment. The problematic limitations on RDP were not removed, and China still has not created a regulatory framework providing for the six-year period of RDP as it had committed to do in 2001.

Since 2018, volume-based procurement (VBP) in China has presented a new market access complication for foreign suppliers of pharmaceuticals, largely because of the opaque and unpredictable nature of the bidding processes. In November 2018, a National Drug Centralized Procurement Pilot Scheme was launched. Then, in January 2019, the State Council issued a Pilot Plan for National Centralized Drug Procurement and Use. In January 2023, China's National Healthcare Security Administration (NHSA) published the 2022 edition of its annual National Reimbursement Drug List (NRDL), which became effective in March 2023. U.S. industry also cites the need for increased transparency and greater harmony between national and provincial bidding processes as well as a greater emphasis on a competitive, market-based approach to evaluating a product's value and relevant bids. In December 2022, NHSA and CNIPA jointly issued the Opinions on Strengthening the Protection of Intellectual Property Rights in the Field of Centralized Pharmaceutical Procurement, which sets out to establish a coordination mechanism to remove patent-infringing drugs from the NRDL, with further implementing measures to follow.

As part of the Phase One Agreement, the two sides agreed that China would establish a nationwide mechanism for the early resolution of potential pharmaceutical patent disputes that covers both small molecule drugs and biologics, including a cause of action to allow a patent holder to seek expeditious remedies before the marketing of an allegedly infringing product. Separately, the agreement also provides for patent term extensions to compensate for unreasonable patent and marketing approval delays that cut into the effective patent term as well as for the use of supplemental data to meet relevant patentability criteria for pharmaceutical patent applications. The United States and China agreed to address data protection for pharmaceuticals in future negotiations.

In October 2020, China amended the Patent Law to provide for patent term extensions for unreasonable patent and marketing approval delays, and China also added a mechanism for the early resolution of potential patent disputes, known as patent linkage. Implementing measures for the patent linkage mechanism were issued in July 2021, as NMPA and CNIPA jointly issued the Trial Implementation Measures for the Mechanism for Early Resolution of Drug Patent Disputes and the Supreme People's Court issued the Regulations on Several Issues Concerning the Application of Law in the Trial of Civil Patent

Disputes Related to Drug Registration Application. In 2021 and 2022, CNIPA issued draft implementing rules for the amended Patent Law and drafts of amendments to the Patent Examination Guidelines. In December 2023, China released the final implementing rules for the amended Patent Law.

Among other things, the United States and U.S. stakeholders remain concerned about China's implementation of patent term extensions for unreasonable patent and marketing approval delays, including the limits on the type of protection provided by China's regulatory framework. The United States and U.S. stakeholders also remain concerned about China's patent linkage mechanism.

Medical Devices

For many years, working closely with U.S. industry, the United States has raised concerns about China's pricing and tendering procedures for medical devices and its treatment of imported medical devices. Notably, at the November 2015 JCCT meeting, China committed that, in terms of accessing the market, it will give imported medical devices the same treatment as medical devices manufactured or developed domestically. Unfortunately, despite this commitment, China continues to pursue a wide range of policies that direct China's purchasing authorities to prioritize the procurement of domestic medical devices over imported medical devices. In addition, when China allows the procurement of imported medical devices, the applicable regulations often explicitly preference foreign suppliers that agree to transfer their technology to Chinese enterprises.

Separately, the United States has pressed China's regulatory authorities to develop sound payment systems for medical devices that are transparent, predictable, and competitive. The United States has also urged China to adequately recognize quality, safety, and the costs of R&D in its approach to procurement policy.

In 2019, China's State Council launched a VBP approach for the procurement of medical devices in a few provinces and municipalities in an attempt to cut healthcare costs. Since then, VBP has become further engrained in China's system, with the formation of multi-province and municipal alliances to conduct joint procurements under VBP. In 2020, China implemented its first national VBP tender, which has been followed by additional national tenders in subsequent years. However, U.S. industry reports that the vast majority of VBP tendering activities are occurring at the sub-national level and that future VBP tenders are likely to be led by individual or groups of subnational entities. U.S. industry also reports that pricing for subsequent rounds of the same products under VBP tenders will likely be based on the results from past tenders.

In practice, China's VBP approach prioritizes cost over a medical device's value or quality, inhibiting the ability of high-quality, cutting-edge exports from the United States and other countries to compete with low-cost local alternatives. As the Chinese Government has acknowledged, the price-cutting generated by VBP disproportionately impacts foreign medical device manufacturers, whose only option for securing sales is to offer their products at unsustainably low prices.

According to U.S. industry stakeholders, if China continues to pursue VBP without significant changes, it could lead to the creation of a sector in which Chinese medical device companies develop monopolies in the manufacture and sale of various low-cost, low-quality medical devices in the China market. This outcome would operate to the disadvantage of innovative medical device companies, many of which are foreign companies, and the patients who rely on advanced medical technologies. Reportedly, some of these medical device companies are reducing training to healthcare providers in order to offer the necessary price cuts. Overall, given the size of China's medical device market, China's VBP approach poses a risk to innovation in the medical device sector and the provision of high-quality medical treatment, not only in the China market but also globally.

Further, the Made in China 2025 industrial plan announced by the State Council in 2015 seeks to prop up China's domestic medical device sector through a series of support policies, including targeted funds and procurement policies. The objective of these policies was to significantly increase the market share of domestically owned and domestically manufactured medical devices, and correspondingly decrease market share of foreign medical devices, by 2025. At the same time, some provincial governments directly subsidize the purchase of domestically manufactured medical devices. In addition, some provincial governments have issued guidelines urging medical institutions to prioritize the procurement of local medical equipment over imported equipment. In at least one province, the guidelines suggest that only imported medical devices for which there is not a domestic replacement will be eligible for procurement.

Given the importance of the government procurement market for medical devices, the sector-specific standards for medical devices could have significant implications for trade and innovation in the industry. The vast majority of medical devices in China are purchased through government procurement. The United States continues to urge China to make any draft implementing measures public and to provide a reasonable period for the public to submit comments.

U.S. industry also reports that while sub-central governments in China have always provided some financial support to domestic medical devices companies, their support appears to have increased since 2020. U.S. industry has noted that this trend could be attributed to the COVID-19 pandemic, China's five-year industrial plan for medical equipment covering the years 2021 to 2025, the Action Plan to Promote the High-Quality Development of the Medical Equipment Industry (2023-2025), or possibly all three factors. The United States will continue to monitor this situation closely and will encourage China to be transparent in its approach.

In August 2024, NMPA published a draft Medical Device Management Law. The draft law appears to eliminate certain onerous requirements such as requiring home country approvals before an imported medical device can be registered in China. However, the draft law also promises further industrial policy support for China's medical device sector, including financial support, which indicates that China's unfair and anticompetitive approach will likely continue.

In June 2024, MIIT issued new guidance on "first-of-its-kind" major technical equipment, and several provincial and local authorities have subsequently issued measures and related guidance. Collectively, these new actions create incentives for procuring medical devices and other technical equipment for which the underlying IP is owned by an entity in China. To date, the implications of these new measures remain unclear, both for U.S. medical device exports and medical devices produced in China based on IP owned by U.S. entities. The United States is monitoring developments closely.

Social Credit System

Since 2014, China has been working to implement a national "social credit" system for both individuals and companies. The implementation of this system is at a more advanced stage for companies versus individuals, as 18-digit "unified social credit codes" are assigned to every domestic and foreign company in China. These 18-digit codes will provide a way for the Chinese Government to track a company's record of administrative and regulatory compliance and generate public credit information.

Under the corporate social credit system, government records, and market-generated corporate compliance data are collected on every legal entity in China. The collected information contains regulatory and administrative records contributed by at least 44 state agencies and their branch offices across every province in China. Previously disparate information relating to a company's financial records, regulatory compliance, inspection results and other administrative enforcement activities is being consolidated under a company's unified social credit code. All of this data will be aggregated and shared between regulatory

agencies via the National Credit Information Sharing Platform. Reportedly, approximately 75 percent of the records collected on companies is intended to be designated as “open to the public,” while the remaining 25 percent that is intended to be withheld will include potentially sensitive information, such as approval records related to national development projects and details of any criminal cases.

Nationwide data collection under the corporate social credit system provides mechanisms to penalize companies with poor corporate and legal compliance records by, among other things, subjecting them to public censure, while rewarding compliant companies with positive incentives. Negative ratings or placement on a government agency’s censure list can lead to various restrictions on a company’s business activities. A company could face increased inspections, reduced access to loans and tax incentives, restrictions on government procurement, reduced land-use rights, monetary fines or permit denials, among other possible penalties.

However, currently, there is no fully integrated national system for assigning comprehensive social credit scores for companies, and the social credit system remains highly fragmented. Certain central government agencies and sub-central government agencies maintain their own rating systems, with each agency making its own decisions about the types of transgressions that warrant negative ratings or placing a company on a censure list.

In November 2022, NDRC and PBOC jointly published a draft Social Credit Construction Law that would give the social credit system a legal basis, further embedding it into China’s regulatory network. The draft law seeks to establish NDRC and PBOC as the main government agencies for construction of the social credit system. Their responsibilities would include overall coordination, supervision and guidance of the construction of the social credit system, and taking the lead in organizing the formulation and implementation of relevant policies and standards. The draft law also seeks to provide formal legal definitions for certain terms used in implementing the social credit system, such as “untrustworthy,” “credit supervision,” and “credit information.” In addition, the draft law seeks to codify the protection of certain rights, as it calls for the establishment of a social credit system that maintains the security of social credit information and strictly protects state secrets, business secrets, and personal privacy, while also protecting the lawful rights and interests of natural persons, legal persons, and unincorporated organizations. To date, the draft law has not been issued in final form.

Foreign companies have numerous concerns with China’s social credit system, which is becoming increasingly complex and expansive. They are concerned that the Chinese Government will use it to disadvantage or coerce foreign companies or provide favorable treatment to domestic companies. They are also concerned that the Chinese Government will use the social credit system to pressure them to act in furtherance of China’s industrial policies or other state priorities or otherwise to make investments or conduct their business operations in ways that run counter to market principles or their own business strategies. In addition, foreign companies are concerned about the opaque nature of the social credit system. For example, a company sometimes only learns about its negative ratings when, for example, it requests a permit and receives a denial, even though the Measures for Administration of the List of Serious Violators of Trust and Law includes a requirement that companies be informed of their being censured in advance. Other times, a company learns for the first time that it has been censured when a Chinese Government agency posts its name on the agency’s website, even though the censuring of a company can cause severe harm to the company’s reputation and adversely impact its efforts to attract customers, secure needed financing or make new investments. When Chinese Government agencies begin to pursue joint punishment in the way that NDRC envisions, it will mean that an infraction in one regulatory context could have wider consequences across the company’s entire business operations.

Foreign companies are also concerned about the links between corporate social credit and individual social credit. They can foresee the Chinese Government using the social credit system as another tool to coerce

foreign companies and those who work for them not to cross political redlines on sensitive matters like deprivation of human rights. Foreign companies can also foresee the Chinese Government potentially using corporate social credit in the future to exert extraterritorial influence by threatening the social credit standing of foreign companies or their officials for behavior or speech outside of China. Similarly, foreign companies are concerned that China will abuse its legion of laws regulating how data is stored and transferred to access information to use against them.

Administrative Licensing

U.S. companies continue to encounter significant problems with a variety of administrative licensing processes in China, including processes to secure product approvals, investment approvals, business expansion approvals, business license renewals, and even approvals for routine business activities. While there has been an overall reduction in license approval requirements and a focus on decentralizing licensing approval processes, U.S. companies continue to report that one of their key concerns involves China's problematic licensing approval processes. Among other things, according to U.S. companies, China provides preferential treatment to Chinese companies, including both state-owned and private enterprises, when granting license approvals.

In July 2024, the Central Committee of the CCP and the State Council jointly issued the Opinions on Promoting the Growth and Development of the Private Economy, sometimes referred to as the "31-Point Plan." The measure, whose stated objective is to promote the growth and development of the private sector in China, purports to prohibit government agencies from using administrative requirements, such as filing, licensing, and approvals, to create market entry barriers. In theory, foreign companies, as part of the Chinese private economy, should benefit from the measure. However, to date, the measure has not resulted in any concrete improvements for U.S. companies seeking to conduct business in China.

Transparency

One of the core principles reflected throughout China's WTO accession agreement is the enhancement of transparency. Unfortunately, after nearly 25 years of WTO membership, China still has a poor record when it comes to adherence to its transparency obligations.

Publication of Trade-Related Measures

In its WTO accession agreement, China committed to adopt a single official journal for the publication of all trade-related laws, regulations, and other measures. In 2006, China adopted a single official journal, administered by MOFCOM. However, many trade-related measures are never published in this journal.

At the central government level, it appears that China only publishes trade-related measures issued by some, but not all, central-government entities in the official journal, as China tends to take a narrow view regarding the types of trade-related measures that are required to be published in the official journal. For those government entities whose trade-related measures are published in the official journal, China more commonly (but still not regularly) publishes trade-related administrative regulations and departmental rules in the journal, but it is rare for China to publish other measures such as opinions, circulars, orders, directives, and notices, which are known as "normative documents" in China's legal system. Normative documents are regulatory documents that do not fall into the category of administrative regulations or departmental rules, but still impose binding obligations on enterprises and individuals. Although the State Council introduced a definition for "administrative normative documents" in 2014, this definition is narrow and does not appear to encompass all normative documents, nor has it resulted in their regular publication as required by China's WTO commitments. Among other things, publication of all normative documents would facilitate compliance by enterprises and individuals with the obligations addressed in them.

Meanwhile, the situation is even worse for measures issued by sub-central governments in China. China rarely publishes any trade-related measures issued by sub-central governments in the official journal. In fact, in 2025, China did not publish any sub-central government measures in the official journal.

Finally, China rarely publishes certain types of trade-related measures from either the central level or the sub-central level of government in the official journal. As discussed above in the Industrial Subsidies section, an important example involves subsidy measures.

Notice-and-Comment Procedures

In its WTO accession agreement, China committed to provide a reasonable time period for public notice and comment before implementing new trade-related laws, regulations, and other measures. While little progress has been made in implementing this commitment at the sub-central government level, the National People's Congress instituted notice-and-comment procedures for draft laws in 2008, and shortly thereafter China indicated that it would also publish proposed trade- and economic-related administrative regulations and departmental rules for public comment. Subsequently, the National People's Congress began regularly publishing draft laws for public comment. China's State Council often (but not regularly) published draft administrative regulations for public comment, but many of China's ministries were not consistent in publishing draft departmental rules or normative documents for public comment.

At the May 2011 S&ED meeting, China committed to issue a measure implementing the requirement to publish all proposed trade- and economic-related administrative regulations and departmental rules on the website of the State Council's Legislative Affairs Office (SCLAO) for a public comment period of not less than 30 days. In April 2012, the SCLAO issued two measures that appeared to address this requirement.

In the Phase One Agreement, China committed to provide no less than 45 days for public comment on all proposed laws, regulations, and other measures implementing the Phase One Agreement. Since the entry into force of this commitment in February 2020, China has generally been providing the required 45-day public comment period and working constructively with the United States whenever it has raised questions or concerns regarding provisions in proposed implementing measures.

Outside the context of Phase One Agreement implementing measures, the process for issuing new measures in China can be opaque and unpredictable. China has yet to adequately improve its practices relating to the publication of proposed administrative regulations and departmental rules for public comment. China has also yet to formalize its use of notice-and-comment procedures for proposed normative documents. While some individual ministries at the central government level have made efforts to standardize, deconflict, replace, or otherwise streamline normative documents, the vast majority of these documents were not issued for public comment by central government ministries or sub-central governments. In addition, even when China provides for a notice-and-comment period, too often China issues the final measure immediately after the end of the comment period, suggesting that China did not give serious consideration to the comments received. In addition, China often fails to provide an adequate implementation period once a measure has been finalized.

Similarly, China has yet to implement consistently the notice-and-comment obligations applicable to all WTO Members. Most notably, China needs to adhere consistently to the notice-and-comment periods required by the TBT Agreement and the SPS Agreement.

Translations

In its WTO accession agreement, China committed to make available translations of all of its trade-related laws, regulations, and other measures at all levels of government in one or more of the WTO languages, *i.e.*, English, French, and Spanish. Prior to 2014, China had only compiled translations of trade-related laws and administrative regulations (into English), but not other types of measures, such as departmental rules, normative documents, and sub-central government measures. Even for trade-related laws and administrative regulations, China was years behind in publishing these translations. At the July 2014 S&ED meeting, China committed that it would extend its translation efforts to include not only trade-related laws and administrative regulations but also trade-related departmental rules. Subsequently, in March 2015, China issued a measure requiring trade-related departmental rules to be translated into English. This measure also provides that the translation of a departmental rule normally must be published before implementation.

Notably, however, even if China were to fully implement its existing measures requiring translations, they would not be sufficient to bring China into full WTO compliance in this area. China does not consistently publish translations of trade-related laws, administrative regulations, and departmental rules in a timely manner (*i.e.*, before implementation), nor does China publish any translations of trade-related normative documents or trade-related measures issued by sub-central governments.

Enquiry Point

In its WTO accession agreement, China committed to establish an enquiry point that would respond to requests for information relating to legal measures required to be published in its official journal. At times, however, China has refused to provide copies of legal measures in response to legitimate requests directed to its enquiry point.

In 2020, for example, the United States submitted a request concerning five Chinese legal measures covering semiconductors and fisheries subsidy programs that had not been published in China's official journal and were not otherwise available online, nor had they been notified to the WTO. Despite the obligation in its WTO accession agreement to either provide the documents or respond in writing within 45 days, China did not meet this deadline. The United States made repeated follow-up requests, to no avail. Five months after the United States submitted its request to China's enquiry point, MOFCOM orally informed the U.S. Embassy in Beijing that it would not be providing any of the requested legal measures because two of the measures would soon be replaced and the other three measures, in China's view, were not relevant to China's WTO obligations. USTR promptly responded to MOFCOM in writing, countering its assertions and urging it to provide the requested documents. Since then, China has continued to refuse to provide a written response to the United States' request or to provide any of the requested legal measures, even though the United States and other WTO Members have repeatedly raised this matter.

Other Non-Tariff Measures

A number of other non-tariff measures can adversely affect the ability of U.S. industry to access or invest in China's market. Key areas of concern include laws governing land use in China, commercial dispute resolution, and the treatment of NGOs. Corruption among Chinese Government officials, enabled in part by China's incomplete adoption of the rule of law, is also a key area of concern.

COLOMBIA

TRADE SUMMARY

The U.S. goods trade surplus with Colombia was \$1.6 billion in 2025, a 90.2 percent increase (\$749.5 million) over 2024. U.S. goods exports to Colombia totaled \$19.4 billion in 2025, up 3.7 percent (\$699.1 million) from 2024. U.S. goods imports from Colombia totaled \$17.8 billion in 2025, down 0.3 percent (\$50.4 million) from 2024. Total U.S. goods trade (exports plus imports) with Colombia was an estimated \$37.2 billion in 2025. Colombia was the 24th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Colombia was \$3 billion in 2025, a 17.9 percent increase (\$450 million) over 2024. U.S. services exports to Colombia totaled \$10.9 billion in 2025, up 13.2 percent (\$1.3 billion) from 2024. U.S. services imports from Colombia totaled \$7.9 billion in 2025, up 11.6 percent (\$820 million) from 2024. Total U.S. services trade with Colombia was an estimated \$18.8 billion in 2025. Colombia was the 24th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Colombia Trade Promotion Agreement

The United States–Colombia Trade Promotion Agreement (CTPA) entered into force on May 15, 2012. The United States and Colombia work closely to review the implementation and functioning of the CTPA and to address outstanding issues.

IMPORT POLICIES

Tariffs

Since January 1, 2021, U.S. non-agricultural products have been imported duty free into Colombia pursuant to the CTPA. Duties on some U.S. agricultural goods were phased out on January 1, 2023. Tariffs on the most sensitive products for Colombia will be phased out between January 1, 2026, and January 1, 2030. U.S. agricultural exporters also currently benefit from duty-free access under tariff-rate quotas for some sensitive products.

Taxes

Value-Added Taxes

Colombia applies a standard value-added tax (VAT) rate of 19 percent to most goods and services, including U.S. exports to Colombia. It rebates VATs on exports, including exports to the United States. The VAT does not apply to U.S. express shipments to Colombia valued at less than \$200.

There are exceptions to the standard VAT rate, however. Colombia uses a three-tiered rate structure based on product essentiality: essential fresh foods and critical services (*e.g.*, milk, eggs, fruit, healthcare, education, banking) are exempt; basic processed foods (*e.g.*, flour, refined sugar, coffee) and private health insurance are taxed at 5 percent; and further-processed foods, manufactured goods, and non-essential items are taxed at 19 percent.

Non-Tariff Barriers

Import Restrictions on Automobiles

On September 21, 2025, Colombia issued Decree 1017 of 2025, modifying a program to require the scrapping of one heavy vehicle of 3.5 metric tons or more to register a new one or, alternatively, the payment of a 25 percent registration fee for the new heavy vehicle. Prior to the modification, there was no scrapping requirement—only a 15 percent registration fee for vehicles of 10.5 metric tons or greater. As of December 31, 2025, the Colombian Government had not yet published implementing regulations and therefore the modified program was not in effect. If implemented, this program would restrict U.S. exports.

Customs Barriers and Trade Facilitation

Colombia has not yet implemented customs reforms that would allow traders to submit electronic copies of invoices instead of physical copies, as encouraged by the World Trade Organization (WTO) Trade Facilitation Agreement. Slow paper-based customs clearance hampers both imports and exports. As of December 31, 2025, the Colombian Government reports that its digital system remains under development.

Colombia's customs service (DIAN) is in the process of implementing wholesale changes to the customs system under Decree 659 of 2024. In an effort to implement pre-arrival processing, DIAN will require advanced notification via import or transit declaration at least 48 hours before arrival for all modes of transportation, and only gives a short window upon entry for all documents to be issued and corrected. Failure to file information sufficiently in advance or delays needed to correct information on arrival could result in heavy fines and penalties, including confiscation of shipment.

Through Decree 1165 of 2015, Colombia authorizes private industry groups to hire port observers to monitor the import of certain products, including poultry, corn, soybeans, ethanol, and other agricultural products. On October 30, 2025, Colombia issued a draft decree that would expand the program to include rice. Colombia's stated intent is to have experts provide guidance to Colombian Government officials to reduce smuggling. However, port observers are nominated and paid by Colombian trade associations and have access to business confidential information, and some U.S. exporters have noted that, at times, the observers appear to use this system to slow or block the entry of U.S. agricultural goods. The United States has urged Colombia to terminate the port observer program, or, at least, reform it to better guard against abuse.

On December 4, 2025, Colombia published and solicited comments on draft regulations amending its port observer program. The draft amendments do not address most U.S. concerns, and the U.S. Government submitted comments to the Colombian Government.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Automobile and Motorcycle Safety Requirements

Since March 2021, Colombia has sought to adopt seven measures that, per Decree 1074 of 2015, impose a new third-party certification requirement for several components of imported vehicles. Colombia notified these measures to the WTO Technical Barriers to Trade Committee between August 2022 and August 2024. U.S. manufacturers report that they are unable to comply with the measures because there is not sufficient

capacity in Colombia and the United States for third-party certification. Furthermore, such certification would lead to unnecessary, additional costs that would reduce their competitiveness in the market. U.S. manufacturers already test their products for compliance with U.S. Federal Motor Vehicle Safety Standards (FMVSS), and Colombia has long accepted U.S. exports on that basis. Colombia has not demonstrated a safety-related need for further testing or other concerns with FMVSS-compliant vehicles in its market.

As a result of U.S. engagement with Colombia, implementation of these measures has been delayed several times, most recently until August 2026, to provide Colombia with additional time to undertake studies on how to accept both the FMVSS and the United Nations Economic Commission for Europe 1958 Agreement requirements in Colombia. On December 2, 2025, Colombia published the results of its first study, a regulatory impact analysis on motorcycle brakes. The study concluded that it is no longer possible to accept FMVSS-compliant motorcycle brakes, which suggests that Colombia may not accept other parts and vehicles that comply with FMVSS. The United States will continue to work with Colombia to find a resolution of these issues, consistent with Colombia's longstanding acceptance of vehicles built to FMVSS.

Labeling Requirements on Cosmetics and Personal Care

The Andean Community delayed the entry into force of Resolution 2310 by one year, to December 17, 2025, via Resolution 2458 of 2024. Resolution 2310 establishes technical regulations for labeling cosmetic and personal care products and prohibits the use of existing labels that do not comply with specific Andean Community labeling requirements. On December 17, 2025, Resolution 2540, which amends certain Resolution 2310 articles to provide greater flexibility, also entered into force. The amendments in Resolution 2540 address certain U.S. stakeholder concerns by allowing the use of stickers, providing greater clarity of requirements for packages of differing sizes, and no longer requiring translation of certain information.

Good Manufacturing Practice for Dietary Supplements

Decree 3249 of 2006 regulates the manufacture, commercialization, sanitary registration, quality control, and surveillance of dietary supplements (*e.g.*, vitamins and minerals) in Colombia. Decree 3863 of 2008 modifies and expands the Good Manufacturing Practice (GMP) requirements for dietary supplements, applying to domestic and imported products. These GMP requirements have affected U.S. exporters located in U.S. states that stopped issuing GMP certificates between 2019 and 2020, resulting in stalled or blocked import registrations. U.S. exporters who are unable to provide a GMP certificate must undergo an on-site inspection by Colombia's health and drug regulatory authority, the National Institute for Surveillance of Medicines and Food (INVIMA), which can lead to significant delays, additional costs, and, in some cases, rejection of the registration. U.S. manufacturers have requested that INVIMA accept "equivalent GMP documents" issued by independent third-party organizations. INVIMA has indicated that a draft decree is currently under review that would update the regulatory framework for dietary supplements.

Sanitary and Phytosanitary Barriers

Lactic Acid and Bulk Dried Milk

In August 2020, INVIMA informed the United States that all U.S. shipments of milk powder to Colombia would need to meet certain physical and chemical properties requirements, including minimum lactic acid content requirements. The scientific basis and rationale for minimum lactic acid content requirements remain unclear. On September 16, 2024, Colombia's Ministry of Health notified for domestic consultation a draft amendment to Decree 616 of 2006, which includes minimum lactic acid requirements and a prohibition on the reconstitution of milk powder into liquid milk. On September 30, 2024, the United States

submitted comments on the draft amendment. As of December 31, 2025, the draft had not yet been notified to the WTO Committee on Sanitary and Phytosanitary Measures.

New Facility Registration Requirements

In July 2021, Colombia notified to the WTO its implementation procedures for Decree 2478 of 2018, which creates the process whereby countries gain approval to export products deemed higher risk to Colombia, including through new foreign facility approval requirements. The procedures would affect exports of meat, poultry, dairy, seafood, and egg products to Colombia. In April 2022, Colombia agreed to exempt U.S. meat and poultry products from these procedures in light of the February 2006 side letter under the CTPA recognizing the U.S. inspection system for meat and poultry products as equivalent to Colombia's. However, additional improvements need to be made to allow the continued export of egg, seafood, and dairy products. Following U.S. engagement and Colombian revisions to the decree, several barriers to trade remain, including the requirement for national health authorities to register foreign facilities directly with the Colombian Government. On July 22, 2025, at the request of the United States, Colombia further delayed entry into force of Decree 2478 of 2018, until July 31, 2026, providing the United States additional time to find a solution to avoid disruption of trade and unnecessary burdens on U.S. authorities.

GOVERNMENT PROCUREMENT

Colombia is not a Party to the WTO Agreement on Government Procurement (GPA) but has been an observer to the WTO Committee on Government Procurement since February 1996. Colombia has binding government procurement obligations under the CTPA.

Defense Procurement

Colombia's Ministry of National Defense requires government-to-government agreements for some non-defense procurements, a stipulation that excludes U.S. companies from participation because the U.S. Government lacks the authority to enter into such agreements and act as a guarantor in contracts between foreign governments and U.S. firms.

Public Cloud Procurement

On June 25, 2025, after a rushed tender drafting process that lacked sufficient technical consultations with industry, Colombia's procurement authority published Resolution 372, which opened the bidding process for vendors to join the Public Cloud Framework Agreement. The tender (aimed at selecting providers for the future delivery of public cloud services) added at the last minute a clause that awarded additional points to suppliers with data centers domiciled within Colombia and included data sovereignty requirements that detract from the free flow of data across borders. The United States engaged Colombia numerous times throughout the process to call for increased transparency, industry consultation, and equal consideration among bidders. On December 19, 2025, Colombia published its final evaluation of submitted bids, which found all U.S. bidders qualified to be selected as providers under the Public Cloud Framework Agreement but added new criteria that could impact the competitiveness of U.S. bidders' eligibility for contract awards.

Infrastructure Procurement

U.S. industry reports that, before January 2025, Colombia's National Infrastructure Agency consistently applied merit-based criteria, granting U.S. suppliers national treatment, including in its "National Industry" scoring. However, in 2025, U.S. industry began raising concerns with the evaluation of tenders and changes in the scoring.

INTELLECTUAL PROPERTY PROTECTION

Colombia remained on the Watch List in the [2025 Special 301 Report](#). Colombia has not yet implemented the provisions of the CTPA regarding enforcement against online copyright infringement and has not yet acceded to the 1991 Act of the International Convention for the Protection of New Varieties of Plants. The San Andresitos markets, a collection of over 600 shopping centers across Colombia, remained on the [2025 Review of Notorious Markets for Counterfeiting and Piracy](#) (Notorious Markets List) due to the prevalence of counterfeit goods sold.

In 2018, Colombia issued Decree 433 and Decree 710 to clarify that Colombia would not condition regulatory approvals for pharmaceuticals on factors other than the safety and efficacy of the underlying compound. An action brought by a private citizen challenging both of these decrees led Colombia's Council of State to provisionally suspend the decrees in September 2019. As of December 31, 2025, Colombia was still considering how it would resolve the uncertainty caused by the suspended decrees.

Colombia continues to face a large number of pirated and counterfeit goods crossing the border or sold at markets, on the street, and at other distribution hubs around the country. High levels of digital piracy persist, and Colombia has not curtailed the number of free-to-air devices, community antennas, and unlicensed Internet Protocol Television services that permit the retransmission of otherwise-licensed content to a large number of nonsubscribers. Innovative pharmaceutical manufacturer stakeholders have also raised concerns regarding transparency and due process with the issuance of compulsory licensing for pharmaceuticals.

SERVICES BARRIERS

Distribution Services

A section of Colombia's commercial code provides protections for agents that can make it difficult and costly for companies to terminate a commercial agent (sales representative) contract. The United States has been working with Colombia to implement its commitments under the CTPA that address this issue.

Other Digitally-Enabled Services and Digital Products

Digital Services Taxation

Colombia brought its Significant Economic Presence (SEP) tax into force on January 1, 2024, per Article 57 of Law 2277 of 2022. The tax applies to the sale of tangible goods and digital services and does not require physical presence in Colombia. A non-resident entity has SEP status and is subject to the tax if: (1) it has deliberate and systematic interaction with the Colombian market (defined, in part, as maintaining a marketing interaction with 300,000 or more customers in Colombia); and (2) it obtains gross income of at least "31,300 Tax Value Units" (for 2025, approximately \$370,000) from transactions involving the sale of goods or services in the Colombian market. Non-residents with an SEP in Colombia pay a 3 percent tax on gross income, if they register and file in Colombia, or a withholding tax of 10 percent. Prior to the tax reform's passage in 2022, the United States raised with Colombia its concerns regarding the differing application of the rule to non-residents and residents.

OTHER NON-MARKET POLICIES AND PRACTICES

Colombia does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Colombian markets from distortions and ensure a fair and secure trading relationship. Colombia has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address distortions caused by such NMPPs. Colombia does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns with Colombia's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. The United States continues to raise long-standing concerns regarding the widespread use of abusive subcontracting and labor intermediation, violence and threats against trade unionists and impunity for perpetrators, in addition to the freedom of association and labor law enforcement issues, in the context of a public submission under Chapter 17 of the CTPA. Colombia does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Colombia's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Colombia an unfair advantage.

ENVIRONMENT

Illegal Logging and Associated Trade

Illegal logging and trade in illegally harvested timber puts U.S. companies that comply with environmental laws at an unfair disadvantage, depresses global wood prices, funds transnational criminal organizations, and harms the environment and local communities. Stakeholders have expressed concerns about illegally harvested timber from Colombia, driven by weak or ineffective enforcement of environmental laws, lack of enforcement or management capacity, and corruption. An estimated 47 percent of timber sold in Colombia is of illegal origin, with much of the illegal timber that is harvested in Colombia reportedly laundered into supply chains, potentially disadvantaging American producers and manufacturers. There have been reports that some timber and timber products, in particular wood flooring, exported from Colombia to the United States during 2016–23 did not obtain authorization for export as required by Colombian law.

Illegal Mining

Stakeholders have expressed concerns about illegal mining in Colombia, driven by weak enforcement and the high profitability of illicit gold. Public reports note that illicit gold accounts for an estimated 80 percent of total gold mining activity in Colombia. Illegal mining undercuts U.S. companies that comply with local laws governing business operations, environmental laws, and labor standards. The proceeds from illegal mining often fuel transnational criminal organizations, contributing to insecurity and undermining the rule of law.

COSTA RICA

TRADE SUMMARY

The U.S. goods trade deficit with Costa Rica was \$3.7 billion in 2025, an 84.5 percent increase (\$1.7 billion) over 2024. U.S. goods exports to Costa Rica totaled \$10.2 billion in 2025, up 6.2 percent (\$601.5 million) from 2024. U.S. goods imports from Costa Rica totaled \$13.9 billion in 2025, up 19.7 percent (\$2.3 billion) from 2024. Total U.S. goods trade (exports plus imports) with Costa Rica was an estimated \$24.1 billion in 2025. Costa Rica was the 34th largest U.S. goods export market in 2025.

The U.S. services trade deficit with Costa Rica was \$3.1 billion in 2025, a 0.3 percent decrease (\$10 million) over 2024. U.S. services exports to Costa Rica totaled \$2.8 billion in 2025, up 10.5 percent (\$267 million) from 2024. U.S. services imports from Costa Rica totaled \$5.9 billion in 2025, up 4.6 percent (\$256 million) from 2024. Total U.S. services trade with Costa Rica was an estimated \$8.7 billion in 2025. Costa Rica was the 48th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

Dominican Republic–Central America–United States Free Trade Agreement

The Dominican Republic–Central America–United States Free Trade Agreement (CAFTA–DR) entered into force for the United States and El Salvador on March 1, 2006, for Honduras and Nicaragua on April 1, 2006, for Guatemala on July 1, 2006, for the Dominican Republic on March 1, 2007, and for Costa Rica on January 1, 2009. The United States and other CAFTA–DR countries meet regularly to review the implementation and functioning of the Agreement and to address outstanding issues.

IMPORT POLICIES

Tariffs

As a member of the Central American Common Market, Costa Rica applies a harmonized external tariff on most items at a maximum of 15 percent, with some exceptions. However, under the CAFTA–DR, as of January 1, 2015, U.S. non-agricultural goods enter Costa Rica duty free.

In addition, nearly all U.S. agricultural exports enter Costa Rica duty free under the CAFTA–DR. Costa Rica eliminated its tariffs on certain U.S. rice and dairy products on January 1, 2025. For certain agricultural products, tariff-rate quotas (TRQs) permit duty-free access for specified quantities during the tariff phase-out period, with the duty-free quantities expanding during that period. Costa Rica liberalizes trade in fresh potatoes and onions through continual expansion of a TRQ, rather than the reduction of the out-of-quota tariff. Costa Rica is required under the CAFTA–DR to make TRQs available on January 1 of each year. Costa Rica monitors its TRQs through an import licensing system, which the United States carefully tracks to ensure the timely issuance of these import licensing permits.

Taxes

Costa Rica assesses an excise tax on distilled spirits calculated as a percentage of alcohol per liter, based on three specific rates (Law 7972). The highest rate applies to spirits bottled at a rate above 30 percent alcohol-by-volume (abv). Locally produced spirits (produced in the largest volume by the state-owned alcohol company) are bottled at 30 percent abv, but most internationally traded spirits are bottled at 40

percent abv. As a result, most imported spirits are taxed at a higher rate than most spirits produced domestically. Furthermore, domestic producers may pay the tax within the first 15 days of each month on sales made during the prior month, while importers must pay the tax prior to release of their product from customs.

Value-Added Taxes

Costa Rica applies a standard value-added tax (VAT) rate of 13 percent to most goods and services, including U.S. exports to Costa Rica. Costa Rica rebates VATs duties on exports, including exports to the United States.

There are exceptions for specific goods such as basic food basket items and agricultural supplies (1 percent), medicines and authorized private education services (2 percent), private healthcare services (4 percent), and international airfare (10 percent).

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

A 2004 technical regulation published by Costa Rica's Ministry of Economy, Industry, and Commerce (RTCR 384:2004) establishes arbitrary quality standards and grades for black and red beans based on archaic and unscientific standards of measurement. For example, the evaluation of cooked bean quality is carried out by inspectors manually pressing the sampled beans between their fingers. Despite studies showing that dry bean cooking times can vary significantly, the regulation establishes that "Grade 1" beans must be satisfactorily cooked within 95 minutes and "Grade 2" beans cooked within 126 minutes. U.S. industry has cited negative impacts on U.S. dry bean exports due to lower prices received for downgraded or rejected shipments.

Sanitary and Phytosanitary Barriers

The Costa Rican Ministry of Agriculture and Livestock (MAG) occasionally delays the issuance of phytosanitary import permits for sensitive products, namely, fresh potatoes and onions, during the harvest period or following local supply shocks. These delays create logistical difficulties between Costa Rican importers and U.S. exporters of those products. The U.S. Department of Agriculture (USDA) Animal and Plant Health Inspection Service and the MAG conduct frequent bilateral meetings to discuss regulatory procedures for the import and export of new products, promoting market access for new U.S. products. Costa Rica's market for U.S. table-stock potatoes was closed from 2013 to 2025. In May 2025, after years of engagement by the Office of the United States Trade Representative (USTR), USDA, and the U.S. Embassy, the MAG completed the final requirements to reopen the market.

A 2016 Costa Rican regulation requires completion of extensive questionnaires for certain animal product facilities that export products to Costa Rica, including dairy, seafood, lamb, and egg product facilities. Most U.S. exporting facilities have complained that the questionnaire requires disclosure of irrelevant and business proprietary information. As a result, U.S. exports of these products have faced delays of several months or longer when introducing new products to the Costa Rican market. In May 2025, after years of engagement by the United States, Costa Rica agreed to a streamlined procedure for registering U.S. dairy facilities and products for export to Costa Rica.

GOVERNMENT PROCUREMENT

U.S. companies have indicated that the private sector is sometimes disadvantaged in public bids when competing against Costa Rican state-owned enterprises in both the information and communications technology and insurance sectors. Article 3 of the Public Contracting Law allows for the noncompetitive awarding of contracts to public entities if officials of the awarding entity certify the award to be an efficient use of public funds.

Costa Rica is not a Party to the World Trade Organization (WTO) Agreement on Government Procurement (GPA), but has been an observer to the WTO Committee on Government Procurement since June 2015. Costa Rica applied for GPA accession on September 28, 2023. Costa Rica has binding international procurement obligations under the CAFTA–DR.

INTELLECTUAL PROPERTY PROTECTION

Costa Rica was removed from the Watch List in USTR’s [2020 Special 301 Report](#) due to the concrete steps it took to improve its intellectual property (IP) regime, including initiating new programs within the government to track licenses to address unlicensed software use in the central government, and to implement an online recordation system to improve border enforcement. While the United States recognizes the progress Costa Rica has made, and the potential of these positive developments, their effectiveness remains to be demonstrated through enforcement and outcomes on the ground. Costa Rica’s IP Registry issued its third report on government usage of unlicensed software in November 2024, with results on the use of legal software at 95 government institutions. However, the decree that calls for these reports does not mandate they be published, and none of the reports have been published. The United States continued to request that Costa Rica publish the results of the reports.

The United States also continued to urge Costa Rica to bolster IP enforcement to curb online piracy, address cumbersome border measure processes to deter counterfeit and pirated goods, and effectively utilize *ex officio* authority for border enforcement against counterfeit and pirated goods. The Inter-Institutional Commission for the Protection and Promotion of Intellectual Property is working to include the Fiscal Control Police on the Commission to support *ex officio* procedures. Costa Rica has implemented an online recordation system that provides information to improve border enforcement but is not as robust as the U.S. Department of Homeland Security Customs and Border Protection e-Recordation Program. The online recordation system is managed directly by the General Directorate of Customs, and a November 2025 directive from Costa Rica’s Ministry of Finance mandates that all customs officials utilize Costa Rica’s recordation system. The Association of Intellectual Property Professionals of Costa Rica is developing a legal proposal for the donation of a registration program, which will be linked to Costa Rica’s customs system. The United States continued to encourage Costa Rica to build on initial positive steps to protect and enforce IP and to continue bilateral discussions of these issues.

OTHER NON-MARKET POLICIES AND PRACTICES

Costa Rica does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Costa Rican markets from distortions and ensure a fair and secure trading relationship. Costa Rica has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address distortions caused by such NMPPs. Additionally, Costa Rica does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Costa Rica's law regarding the protection of internationally recognized labor rights, including with respect to a safe and healthy work environment. The United States also has concerns with respect to labor law enforcement. Costa Rica does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Costa Rica's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Costa Rica an unfair advantage.

CÔTE D'IVOIRE

TRADE SUMMARY

The U.S. goods trade deficit with Côte d'Ivoire was \$1.3 billion in 2025, a 201.4 percent increase (\$853.1 million) over 2024. U.S. goods exports to Côte d'Ivoire totaled \$644.4 million in 2025, up 9.0 percent (\$53.2 million) from 2024. U.S. goods imports from Côte d'Ivoire totaled \$1.9 billion in 2025, up 89.3 percent (\$906.4 million) from 2024. Total U.S. goods trade (exports plus imports) with Côte d'Ivoire was an estimated \$2.6 billion in 2025. Côte d'Ivoire was the 99th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Côte d'Ivoire was \$45 million in 2024 (latest data available), a 21.1 percent decrease (\$12 million) over 2023. U.S. services exports to Côte d'Ivoire totaled \$193 million in 2024 (latest data available) up 15.6 percent (\$26 million) from 2023. U.S. services imports from Côte d'Ivoire totaled \$148 million in 2024 (latest data available) up 34.5 percent (\$38 million) from 2023. Total U.S. services trade with Côte d'Ivoire was an estimated \$341 million in 2024 (latest data available). Côte d'Ivoire was the 128th largest U.S. services export market in 2024 (latest data available).

IMPORT POLICIES

Tariffs

Côte d'Ivoire's average Most-Favored-Nation (MFN) applied tariff rate was 12 percent in 2024 (latest data available). Côte d'Ivoire's average MFN applied tariff rate was 15.7 percent for agricultural products and 11.5 percent for nonagricultural products in 2024 (latest data available). Côte d'Ivoire has bound 33.3 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 11.2 percent.

Consistent with the Economic Community of West African States (ECOWAS) Common External Tariff (CET), Côte d'Ivoire applies five external tariff bands: (1) zero percent duty on essential social goods (*e.g.*, medicine); (2) 5 percent duty on essential commodities, raw materials, and capital goods; (3) 10 percent duty on intermediate goods; (4) 20 percent duty on consumer goods; and (5) 35 percent duty on certain goods that the Ivoirian Government elected to afford greater protection. The ECOWAS CET is based on the 2022 Harmonized System developed by the World Customs Organization. The CET was slated to be fully harmonized by 2020, but, in practice, some ECOWAS Member States have maintained deviations from the CET beyond the January 1, 2020 deadline.

Under the ECOWAS CET, Côte d'Ivoire applies higher tariffs to select agricultural products, including rice, sugar, poultry, and dairy products, which generally fall within the 20 percent and 35 percent CET bands. In practice, however, the level of effective protection varies across agricultural products. For example, in the poultry sector, in addition to the CET tariff, Côte d'Ivoire applies a specific fee of West African CFA 1,000 per kilogram (approximately \$1.72/kg), resulting in *ad valorem* tariff equivalent that frequently exceeds 100 percent. By contrast, Côte d'Ivoire's tariffs on rice imports are periodically adjusted through temporary tariff suspension measures, particularly for widely-consumed rice categories (including broken and standard milled rice), during periods of heightened inflationary pressure.

On April 23, 2025, the Ivoirian Government approved an ordinance to begin to implement its tariff commitments under the African Continental Free Trade Area (AfCFTA). The ordinance includes gradual tariff reductions on 5,516 product lines. Under the schedule, tariffs on goods classified as non-sensitive, will decline by roughly 10 percent per year, reaching zero percent over a 10-year period (provided they are

not reclassified as sensitive during that time). The reform is intended to boost intra-African trade under the AfCFTA. While this reduces certain tariff barriers for African trading partners, it may increase competition for non-sensitive goods that the United States exports to Côte d'Ivoire.

Taxes

Imports from countries that are not members of the West African Economic and Monetary Union (WAEMU) are subject to a 2.5 percent tax on the cost, insurance, and freight (CIF) value of imports, which consists of a solidarity tax (0.8 percent), an African Union import tax (0.2 percent), an ECOWAS community levy (0.5 percent), and a statistical charge (1.0 percent), all of which are used for financing WAEMU commissions and assisting landlocked WAEMU members Burkina Faso, Mali, and Niger.

Like all ECOWAS countries, Côte d'Ivoire imposes a 1 percent ECOWAS levy on all goods originating from non-ECOWAS countries to finance the activities of the ECOWAS Commission and Community institutions. Côte d'Ivoire levies an additional 1 percent charge on the CIF value of imports, except those destined for re-export, transit, or donations for humanitarian purposes under international agreements.

An import tax of 15 percent is applied on imports of electrical transformers from 16 kilovolt-amperes (kVA) to 500 kVA.

Excise taxes apply to certain imports, including alcoholic or nonalcoholic beverages, perfume, cosmetic products, marble, oil products, and tourism vehicles with at least 13 horsepower. Excise taxes of 42 percent apply also to imports of tobacco extended to electronic cigarettes, pipes, and their parts, preparations for pipes, and products and materials for shisha and electronic cigarettes. The import tax on cosmetic products containing hydroquinone is 15 percent.

On April 2, 2025, the Ivoirian Government introduced a partial exemption from customs taxes of 7 percent to 15 percent on products intended for animal feed. The government affirmed that tax rates are expected to reduce the cost of importing key raw materials such as corn and soybean meal, making feed more accessible to farmers and decreasing production costs.

Value-Added Taxes

Côte d'Ivoire applies a standard 18 percent value-added tax (VAT) to imported goods, including those imported from the United States, but the rate is reduced to 9 percent for milk, excluding yogurt and any other dairy products; infant milk and homogenized composite food preparations intended for infants; pasta made from 100 percent durum wheat semolina; and petroleum products.

There are VAT exemptions for: butane gas; feed for livestock and farmyard animals; books, newspapers, and periodicals; teaching activities; salaried and agricultural activities; medicines; fertilizers; seeds and grains; unprocessed meat and offal; locally produced natural fruits; and live yeast.

The VAT is assessed on the CIF value, plus any applicable tariffs and related import charges, and is collected by Ivoirian customs authorities at customs clearance. The Ivoirian importer is responsible for payment at clearance. While importers must pay VAT upfront at customs as part of the landed cost, VAT-registered businesses can recover this through their VAT refund. However, the requirement to pay VAT duties immediately at the border—before goods are sold and output VAT is collected—creates significant cash-flow pressure, particularly if refund processing is delayed.

Non-Tariff Barriers

A number of items are subject to import prohibitions, restrictions, or prior authorization, including: certain petroleum products, animal products, flour, live plants, seeds, plastic bags, distilling equipment, and analog televisions. Textile imports are subject to some authorization requirements by the External Trade Promotion Office.

Import Licensing

On November 12, 2025, Côte d'Ivoire introduced a requirement for an import certificate for certain products, such as perfumes, cosmetics, second hand clothing, shoes, tiles, sanitary ware, glassware, and furniture. For these products the official decision exempted products imported from other WAEMU and ECOWAS members and any imports of those goods that are duty free or exempt from duties. This certificate is issued by the Ministry of Trade and Industry.

On December 18, 2024, Côte d'Ivoire introduced the obligation to obtain a Prior Import Authorization for measuring instruments and prepackaged products subject to legal metrological control. These instruments include flow meters, hourly and kilometer meters, weights, cold drinking water meters, and electricity meters. Côte d'Ivoire requires prior government authorization for these goods before entering the country.

Import Bans/Restrictions

Côte d'Ivoire has prohibited wheat flour imports without iron and folic acid fortification since 2008. In January 2020, Côte d'Ivoire banned the importation of sugar for five years and this ban remains in place. Two local companies are authorized to import sugar in case of a national shortage.

Since July 2018, Côte d'Ivoire bans the import of used vehicles more than five years old.

Customs Barriers and Trade Facilitation

All goods imported into Côte d'Ivoire must first be examined by a pre-shipment inspection company for compliance with relevant Ivoirian standards and requirements. This process increases the time and cost to export without providing assurance of a more streamlined clearance process at the border. Côte d'Ivoire contracts with four European companies to carry out preshipment inspections of goods exported to Côte d'Ivoire with a value exceeding CFA 1 million (approximately \$1,719). Since July 2019, a certificate of compliance from one of the four companies is required to clear customs.

In 2025, the Ivoirian Government renewed its preshipment inspection requirements for five years as part of its national conformity assessment scheme for imports. The country re-authorized a public service concession to these firms to inspect, test, and verify conformity of imported products against Ivoirian standards before export. The scheme currently covers a defined list of regulated products. The Ivoirian Government plans to expand the categories starting in July 2026, which would subject more imported goods to the preshipment inspection requirements. In addition, since 2023, all imported containers must undergo a verification scan before being allowed to enter the country.

Côte d'Ivoire notified its latest update to its customs valuation legislation to the WTO in June 2002; however, it has yet to respond to the WTO Checklist of Issues that describes how the Customs Valuation Agreement is being implemented.

Minimum Import Prices

Côte d'Ivoire maintains minimum import prices (MIPs) under the ECOWAS CET framework on a range of processed food products, including edible oils, sugar, broken rice, milk powder, tomato paste, and alcohol. The government implemented phased AfCFTA tariff reductions covering 5,516 tariff lines; however, MIPs were explicitly retained for rice, sugar, and dairy products. This aligns with Ivoirian Government policy on these products, including a sugar import ban in place since 2020. These reference prices, applied for customs valuation purposes, are generally set above prevailing international prices. Across products subject to minimum import prices (including rice and dairy products), effective import costs remain elevated as a result of the combined application of minimum import prices, value-added tax, statistical taxes, and ECOWAS community levies. Although Côte d'Ivoire periodically suspends selected duties on widely consumed rice categories to mitigate inflationary pressures, minimum import prices and related valuation practices remain in place.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Since becoming a WTO Member in 1995, Côte d'Ivoire has not consistently notified draft measures to either the WTO Committee on Technical Barriers to Trade (TBT) or the WTO Committee on Sanitary and Phytosanitary Measures (SPS). Côte d'Ivoire's last TBT and SPS notifications were in 2021 and 2017, respectively. Transparency of the regulatory system in Côte d'Ivoire is a concern, as companies complain that regulations are issued only as final measures without a clear process or a period for public comment on draft regulations.

GOVERNMENT PROCUREMENT

The Ivoirian Government publishes tender notices in the local press and sometimes publishes tenders in international magazines and newspapers. On occasion, there is a charge for the bidding documents. Côte d'Ivoire has a generally decentralized government procurement system, with most ministries undertaking their own procurements. The National Bureau of Technical and Development Studies—the government's technical and investment planning agency and think tank—occasionally serves as an executing agency in major projects to be financed by international institutions.

The Public Procurement Department is a centralized office in the Ministry of Finance to help ensure compliance with international bidding practices. Côte d'Ivoire's update to its public procurement code in July 2019 introduced some positive changes, including electronic procurement, provisions on sustainable procurement, and promotion of socially responsible vendors as part of the qualification criteria. Even though the public procurement process is required by law to use open procedures, in practice it is often opaque and government contracts are occasionally awarded in a nontransparent manner. Some companies appear to secure contracts as a result of longstanding relationships with government officials or aided by partnerships with Ivoirian commercial entities that have close connections to the government. In other instances, although specific regulations govern the use of sole-source procurements, the government has awarded sole source bids without going through the tendering procedures, citing the high technical capacity of a specific firm or a declared emergency.

Many firms continue to cite corruption as an obstacle to a transparent and level playing field in the procurement selection process.

On January 15, 2025, the National Authority for Public Procurement Regulation, which was created in June 2018, was reformed and renamed as the Public Procurement Regulatory Authority (ARCOP). The regulator

was reformed to centralize oversight, aiming for greater transparency, accountability, and consistent application, though challenges with implementation and corruption persist. In line with the WAEMU community strategy, the authority was given stronger quasi-judicial powers to ensure good governance in the public procurement process and to crack down on any irregularities relating to the award and execution of public contracts, with a view to permanently eradicating fraud and corruption in the public procurement management system. It also oversees both public procurement and service delegation agreements or public-private partnership contracts. ARCOP will concentrate on three core aspects of public procurement: prevention and education, dispute resolution, and auditing and regulatory enforcement.

Côte d'Ivoire is not a Party to the WTO Agreement on Government Procurement (GPA), but has been an observer to the WTO Committee on Government Procurement since July 2020.

INTELLECTUAL PROPERTY PROTECTION

Inadequate enforcement of intellectual property (IP) rights remains a serious concern. The Ivoirian Copyright Office (BURIDA) uses a labeling system to combat counterfeiting and piracy in audio, video, literary, and artistic works. BURIDA has also facilitated stakeholder engagement to promote IP, and its police unit still conducts some raids to confiscate pirated CDs and DVDs. However, the rise of streaming alternatives has led to less frequent circulation of CDs and DVDs in the market. Counterfeit goods are also widely available throughout the country. IP enforcement continues to suffer in Côte d'Ivoire with its limited resources and lack of customs checks at the country's porous borders. However, Côte d'Ivoire has been making efforts to improve IP enforcement and protection, including the adoption of a National Intellectual Property Strategy in 2025. Developed by the Ivoirian Intellectual Property Office (OIP) with support from the World Intellectual Property Organization, the strategy includes, *inter alia*, anti-counterfeiting and anti-piracy measures and seeks to strengthen legal protections, enhance enforcement, enhance IP commercialization opportunities, increase awareness of IP rights, and create a more secure environment for operating and growing brands in Côte d'Ivoire.

SERVICES BARRIERS

The chartered accountants' association of Côte d'Ivoire prohibits registration of foreign nationals, with the exception of those who have practiced in Côte d'Ivoire for several years under the license of an Ivoirian practitioner.

INVESTMENT BARRIERS

Côte d'Ivoire has restrictions on, and requires prior approval for, foreign investment in the health, legal, accounting, and travel services sectors. Majority foreign ownership of companies in these sectors is not permitted, and all foreign companies operating in these sectors do so in partnership with local firms. Semi-industrial and artisanal mining activities in Côte d'Ivoire are subject to nationality-based restrictions under the Mining Code. Permits for both types of mining activities are reserved for Ivoirian nationals or for companies incorporated under Ivoirian law whose share capital is majority-owned by Ivoirians.

OTHER NON-MARKET POLICIES AND PRACTICES

Côte d'Ivoire does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Ivoirian markets from distortions and ensure a fair and secure trading relationship. Côte d'Ivoire has not entered into an Agreement on Reciprocal Trade that includes commitments to address distortions caused by such NMPPs. Côte d'Ivoire does not participate in the Global

Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns with respect to Côte d'Ivoire's labor law enforcement. Côte d'Ivoire does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Côte d'Ivoire's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Côte d'Ivoire an unfair advantage.

OTHER BARRIERS

Bribery and Corruption

Bribery and corruption remain a significant concern. U.S. stakeholders report that bribes are sometimes solicited to accelerate slow bureaucratic processes or to secure public tenders. The High Authority of Good Governance (HABG) is an independent administrative authority that is nominally under the Office of the President. It is responsible for executing the national plan to fight corruption and investigating allegations of corruption. In 2021, the HABG undertook an audit of Ivoirian parastatal companies in key sectors. Several parastatals' managers were suspended from their positions. In addition, 14 entities (11 public companies and 3 private companies) in the health sector were charged with corruption. Corruption, opaque business practices, and capacity constraints on the judiciary and in law enforcement have resulted in poor enforcement of the law. This situation has been particularly acute with regard to the protection of private property rights, particularly when the subject of the judicial proceeding or law enforcement action is a foreigner and the plaintiff is Ivoirian or a long-established foreign resident. These situations are further complicated by conflicting modern and traditional concepts of land tenure, the latter including communal ownership. In July 2022, the government launched Spacia, a platform for monitoring and preventing acts of corruption and similar offenses. In May 2023, HABG launched and promoted Signalis, the platform for reporting acts of corruption and related offenses, with a view to strengthening the system for receiving, centralizing, and processing complaints and reports.

Export Policies

Côte d'Ivoire's 2021–25 National Development Plan prioritizes agro-industrial development. As a result, the government provides incentives and supports funds to investors expanding agro-industrial processing of locally grown cashews, cocoa, and other commodities for export. The government also incentivizes domestic processing of agricultural commodities such as cocoa, rubber, palm oil, and coffee, by imposing a higher export tax on unprocessed commodities. The government prohibits the export of iron products. Exports of metallic ores, gems, and precious metals require prior authorization from both the Ministry of Mines, Petroleum, and Energy and the Ministry of Economy, Planning, and Development.

The National Development Plan (2026–30) was still being finalized as of December 31, 2025, and would build on Côte d'Ivoire's previous strategy to shift its export profile from raw commodities toward value-added goods, particularly in agriculture. Agricultural modernization and the strengthening of value chains constitute a central pillar of the new plan. Key measures focus on boosting productivity through improved practices while reducing reliance on chemical inputs and curbing deforestation, widening market access through enhanced infrastructure and tools such as the commodities exchange, and expanding local processing capacity in major export sectors, including cocoa, cotton, coffee, and cashews.

On May 28, 2025 the Ivoirian Government launched the Agricultural Commodities Exchange, a market platform intended to bring more structure to the pricing of agricultural produce. Cashew nuts, kola nuts, and maize are currently traded on the exchange. About 20 additional products are expected to be added including cocoa, a key pillar of Côte d'Ivoire's economy.

The Ivoirian Government maintains an increasing number of agricultural export controls on raw agricultural products, including export restrictions on cashews, coconut, shea nuts, and almonds. These restrictions are justified as precautionary measures to ensure supply for local processing.

Effective March 12, 2025, the export of waste and scrap from used lead batteries and accumulators is suspended for a period of 10 years.

DOMINICAN REPUBLIC

TRADE SUMMARY

The U.S. goods trade surplus with the Dominican Republic was \$5.4 billion in 2025, a 2.5 percent decrease (\$137.3 million) over 2024. U.S. goods exports to the Dominican Republic totaled \$12.9 billion in 2025, down 0.6 percent (\$80.5 million) from 2024. U.S. goods imports from the Dominican Republic totaled \$7.6 billion in 2025, up 0.8 percent (\$56.9 million) from 2024. Total U.S. goods trade (exports plus imports) with the Dominican Republic was an estimated \$20.5 billion in 2025. The Dominican Republic was the 31st largest U.S. goods export market in 2025.

The U.S. services trade deficit with the Dominican Republic was \$6.1 billion in 2025, a 9.9 percent increase (\$544 million) over 2024. U.S. services exports to the Dominican Republic totaled \$3.9 billion in 2025, up 5.8 percent (\$215 million) from 2024. U.S. services imports from the Dominican Republic totaled \$10.0 billion in 2025, up 8.2 percent (\$759 million) from 2024. Total U.S. services trade with the Dominican Republic was an estimated \$13.9 billion in 2025. The Dominican Republic was the 38th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

Dominican Republic–Central America–United States Free Trade Agreement

The Dominican Republic–Central America–United States Free Trade Agreement (CAFTA–DR) entered into force for the United States and El Salvador on March 1, 2006, for Honduras and Nicaragua on April 1, 2006, for Guatemala on July 1, 2006, for the Dominican Republic on March 1, 2007, and for Costa Rica on January 1, 2009. The United States and the other CAFTA–DR countries meet regularly to review the implementation and functioning of the Agreement and to address outstanding issues.

IMPORT POLICIES

Tariffs

Under the CAFTA–DR, as of January 1, 2015, U.S. non-agricultural goods enter the Dominican Republic duty free. In addition, under the CAFTA–DR, the Dominican Republic agreed to eliminate its tariffs on all agricultural goods by January 1, 2025.

On December 31, 2024, Decree-693-24 took effect. The decree provides for the Dominican Republic to retain, in perpetuity, the CAFTA–DR tariff-rate quota from the nineteenth year of the Agreement: a 23,300 metric ton duty-free quota for rice exports from the United States. Any exports beyond that quota are subject to a 99 percent tariff. U.S. stakeholders have raised concerns that the Dominican Republic may be taking steps that appear to undermine its obligations under the CAFTA–DR. The United States is closely following this issue and engaging bilaterally with the Dominican Republic to address it.

Taxes

U.S. ethanol imported into the Dominican Republic is subject to an internal 10 percent *ad valorem* tax and an excise tax of approximately \$11 per liter, and these taxes disincentivize importation of U.S. ethanol.

Value-Added Taxes

The Dominican Republic applies a standard value-added tax (VAT), known as the Tax on Transfer of Industrial Goods and Services (ITBIS), at a rate of 18 percent to goods and services, including U.S. exports to the Dominican Republic. A zero percent rate applies to Dominican exports, including sales to free trade zones and exports to the United States. There is a reduced VAT rate of 16 percent for products such as coffee, yogurt, sugar, butter, and chocolate. The VAT does not apply to basic food and agricultural products (eggs, milk, grains, vegetables, meat, etc.), seeds for planting, medicine, insecticides and pesticides, books/magazines, educational material, wheelchairs, and prosthesis. Exempt services include education, health, financial services (including insurance), pensions, ground transportation of people and cargo, electricity, water, garbage collection, housing rentals, personal services like beauty salons, and exported services.

Ham, canned tomato, and fresh table grape importers also face unequal treatment with regard to taxation; imported varieties of these products are subject to the ITBIS of 18 percent, while locally-produced varieties are not. This puts U.S. exports of these products at a competitive disadvantage. The Dominican Government indicated in June 2025 that the General Directorate of Internal Taxes (DGII) was implementing the ITBIS on local producers through a schedule. The DGII has made progress on addressing this issue for certain products, but it has not been uniformly implemented across all food products. The U.S. Government will continue to work with the DGII to seek a resolution of this issue.

Non-Tariff Barriers

Import Bans/Restrictions

On December 15, 2025, Law 98-25 took effect, amending Law 225-20 on solid residues. The measure imposes new biodegradability and certification requirements for foam and plastic items production and importation. It prohibits imports of plastic straws, forks, knives, spoons, lids, cups, and any other foam products that are not biodegradable within 60 days, while local producers of these products have 12 months to adopt and implement biodegradability and certification requirements.

Importers of U.S.-made new vehicles have reported that the Dominican Republic customs authority frequently grants U.S.-made used vehicles preferential tariff treatment under the CAFTA–DR, without demonstrating compliance with rules of origin requirements.

Import Licensing

The Dominican Republic Ministry of Agriculture continues to administer import licenses as a means to manage trade in sensitive commodities such as rice, beans, dairy, sugar, poultry, beef, pork, onions, pulses, and garlic and intermittently with respect to other products. In August 2004, the United States and the Dominican Republic signed a side letter under the CAFTA–DR affirming that the Dominican Republic would not grant nor deny import licenses on the basis of unjustified sanitary or phytosanitary concerns, domestic purchasing requirements, or discretionary criteria. However, the need to obtain an import license from the Ministry of Agriculture and the way in which the licensing process is handled can lead to inconsistent application of the law, uneven treatment, and uncertainty for U.S. exporters.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Front of Package Labeling

On February 19, 2025, the Dominican Republic notified to the World Trade Organization (WTO) its draft front-of-package nutrition labeling requirements, which would require octagonal stop sign-shaped labels that indicate when a product contains non-nutritive sweeteners and “excessive” sodium, fat, saturated fat, trans fat, and sugars. The United States provided comments on this measure in April 2025, and has encouraged the Dominican Republic to take a science-based approach that aligns with international standards and guidelines, considers labeling requirements of other countries in the region, and includes provisions to support implementation.

Regulation of Steel Rebar

U.S. exporters of steel rebar used for construction have complained that a Dominican technical regulation (RTD 458) constitutes a barrier to trade. Dominican Republic authorities have required imported U.S. rebar to be sampled and tested by third-party laboratories, which is not required for domestic production. Because no suitable third-party laboratories exist in the Dominican Republic, samples have been returned to the United States for testing. These conformity assessment procedures lack transparency in their application and have unduly increased the cost and time required for commercialization of rebar in the Dominican Republic.

While Dominican Republic authorities have worked with certain individual U.S. steel companies to develop a mechanism to accept test results and certify rebar before export so that products may clear customs and enter commerce in the Dominican Republic without delay, the Dominican Republic has yet to reform the regulations and practices to ensure that imported rebar is treated no less favorably than domestically manufactured rebar.

Sanitary and Phytosanitary Barriers

Delays in the process for obtaining sanitary registrations from the Dominican Republic for foods, medicines, and health products have historically resulted in higher operating costs and delays moving products to market, according to industry representatives. Since June 5, 2023, when the General Directorate of Medicines, Food, and Health Products (DIGEMAPS) became a decentralized institution, independent from the Ministry of Public Health and Social Welfare, the process has improved. The U.S. Government continues to work with DIGEMAPS to improve the process and move toward a risk-based inspection registration process that will facilitate entry of U.S. pre-packaged products into the Dominican Republic.

GOVERNMENT PROCUREMENT

U.S. suppliers have complained that government procurement in the Dominican Republic is not always conducted in a transparent manner and that corruption is a problem. The U.S. Government has engaged with the Dominican Government on this issue and the Dominican Republic has taken steps to improve the transparency of its procurement system over the last few years.

On July 28, 2025, Law 47-25, a new public procurement and contracting law, went into effect, introducing value for money as a governing principle of public procurement and strengthening regulatory and oversight

powers. The new law also stiffens penalties for procurement-related fraud and abuse, including by introducing criminal penalties of up to 10 years in prison, barring convicted public officials from holding office for 10 years, and allowing authorities to close sanctioned companies and ban them from bidding on government tenders.

The Dominican Republic is not a Party to the WTO Agreement on Government Procurement (GPA), but has been an observer to the WTO Committee on Government Procurement since September 2022. The Dominican Republic has binding international procurement obligations under CAFTA–DR.

OTHER NON-MARKET POLICIES AND PRACTICES

The Dominican Republic does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Dominican Republic markets from distortions and ensure a fair and secure trading relationship. The Dominican Republic has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address distortions caused by such NMPPs. Additionally, the Dominican Republic does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about the Dominican Republic’s laws regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement, including the elimination of all forms of forced or compulsory labor, the elimination of discrimination in respect of employment and occupation, a safe and healthy work environment, and acceptable conditions of work with respect to minimum wages and hours of work. The United States continued to engage with the Dominican Republic following a submission from the public under CAFTA–DR concerning the sugar sector. The Dominican Republic does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in the Dominican market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within the Dominican Republic unfair advantage.

ECUADOR

TRADE SUMMARY

The U.S. goods trade deficit with Ecuador was \$468.7 million in 2025, a 51.9 percent decrease (\$505.0 million) over 2024. U.S. goods exports to Ecuador totaled \$8.6 billion in 2025, up 13.0 percent (\$983.7 million) from 2024. U.S. goods imports from Ecuador totaled \$9.0 billion in 2025, up 5.6 percent (\$478.7 million) from 2024. Total U.S. goods trade (exports plus imports) with Ecuador was an estimated \$17.6 billion in 2025. Ecuador was the 41st largest U.S. goods export market in 2025.

The U.S. services trade surplus with Ecuador was \$1.6 billion in 2024 (latest data available), a 1.7 percent decrease (\$28 million) over 2023. U.S. services exports to Ecuador totaled \$2.6 billion in 2024 (latest data available) up 4.2 percent (\$106 million) from 2023. U.S. services imports from Ecuador totaled \$1.0 billion in 2024 (latest data available) up 14.8 percent (\$133 million) from 2023. Total U.S. services trade with Ecuador was an estimated \$3.7 billion in 2024 (latest data available). Ecuador was the 47th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Ecuador Trade and Investment Council Agreement

The United States and Ecuador signed a Trade and Investment Council Agreement (TIC) in 1990. The TIC is the primary mechanism for discussions of trade and investment issues between the United States and Ecuador.

On December 8, 2020, the United States and Ecuador signed a Protocol on Trade Rules and Transparency (the Protocol), which entered into force on August 15, 2021. The Protocol is an update to the TIC and is an integral part of that Agreement, containing provisions that establish important commitments with regard to trade facilitation, good regulatory practices, anticorruption policies, and cooperation and information sharing to benefit small and medium-sized enterprises. The Protocol establishes high-level trade rules that will improve opportunities for bilateral trade and investment in all sectors. The United States will continue to work with Ecuador to monitor the full implementation of the Protocol.

United States–Ecuador Agreement on Reciprocal Trade

On March 13, 2026, Ecuador and the United States signed the Agreement Between the United States of America and the Republic of Ecuador on Reciprocal Trade (ART). The ART will enter into force following the Parties exchange of written notifications certifying completion of their applicable legal procedures or on such other date as the Parties may agree. This NTE Chapter includes an illustrative set of the ART provisions that address identified barriers. The United States will closely monitor implementation of the ART.

IMPORT POLICIES

Tariffs

Ecuador's average Most-Favored-Nation (MFN) applied tariff rate was 10.9 percent in 2024 (latest data available). Ecuador's average MFN applied tariff rate was 17.4 percent for agricultural products and 9.9

percent for non-agricultural products in 2024 (latest data available). Ecuador has bound 100 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 21.7 percent.

When Ecuador joined the WTO in January 1996, it bound most of its tariff rates at or below 30 percent *ad valorem*; most products bound at higher rates are agricultural products covered by the Andean Price Band System (APBS). As a member of the Andean Community of Nations (CAN), Ecuador grants and receives exemptions from tariffs (*i.e.*, reduced *ad valorem* tariffs and no application of the APBS) for products from the other CAN countries. Ecuador's continued use of the APBS affects many U.S. agricultural exports by subjecting them to a variable levy or surcharge (on top of an *ad valorem* tariff) that increases in absolute terms as world prices decrease. Under the ART, Ecuador has committed to not apply the APBS or any other price band system to agricultural goods imported from the United States.

Ecuador still imposes a mixed tariff (composed of an *ad valorem* tariff and a specific tariff) on approximately 360 products, including textiles and shoes. In some cases, the mixed tariff appears to result in a 40 percent *ad valorem* equivalent tariff rate.

Agricultural Products

Under the ART, in addition to not applying the APBS for agricultural imports from the United States, Ecuador has committed to providing the United States preferential treatment for more than 90 percent of their agricultural tariff schedule. This includes tariff elimination for key sectors, including distillers grains, soybeans, soybean oil, fresh and processed fruit, beer, wine, distilled spirits, tree nuts, pulses, and peanuts, as well as for certain dairy, beef, pork, poultry, and processed products.

Tariff-Rate Quotas Administration for Agricultural Products

Ecuador's Ministry of Agriculture, Livestock, Aquaculture and Fisheries (MAGAP) and Ministry of Production (MPCEIP) manage the administration of Ecuador's WTO tariff-rate quotas (TRQs) for agricultural goods in a manner that can constrain imports of U.S. products. For example, U.S. stakeholders have reported a lack of clear, official public notices to give importers the opportunity to apply for Ecuador's TRQ volumes each calendar year; unclear descriptions of the products covered by each TRQ; and narrow application windows for importers to apply for TRQ volumes. In recent years, some TRQs, including for whole fresh chilled turkeys, frozen poultry offal and parts, and powdered milk, never opened for application. In the case of corn, imports are permitted only between January and March, and quota allocations are distributed proportionally based on each importer's historical record of domestic crop purchases.

Under the ART, Ecuador agreed to improving the administration of its WTO TRQs, including by publishing clear public notices on an official government website 90 days in advance of opening the TRQ, which give importers 60 days to apply for TRQ volumes each calendar year and provides clear descriptions of products covered by each TRQ. In addition, Ecuador committed to creating several U.S.-specific TRQs for agricultural products including corn, sorghum, ethanol, poultry, pork, dairy, and soybean oil.

Non-Tariff Barriers

Import Bans/Restrictions

The Foreign Trade Committee (Comité de Comercio Exterior) COMEX Resolution 009-2022, which lists prohibited and restricted imports, was amended in August 2023 and includes: a revised list of products that require pre-shipment control documentation, updated automatic and non-automatic import license requirements, and a list of tariff subheadings subject to prior control documentation for products imported

under quota within the framework of current trade agreements. The resolution also eliminated pre-shipment control documents for 601 tariff lines.

Import Licensing and Facility Registration for Agricultural Products

Ecuador subjects all food and agricultural imports to an import licensing regime. U.S. stakeholders indicate that the review process for import licensing applications is often lengthy and lacks transparency. COMEX and MAGAP impose a further mandatory and cumbersome process for allocating import licenses for more than 55 agricultural tariff lines, including potatoes, beef, pork, chicken, turkey, soybeans, sorghum, dairy products, and corn. For these products, an importer's total annual import allowance cannot surpass an unofficial, discretionary amount determined by MAGAP, in some cases in consultation with domestic producers of the same commodities. For most products subject to the licensing system, MAGAP also requires that interested parties provide yearly sales and domestic consumption forecasts before it authorizes imports. In the case of wheat, corn, soybean meal, dairy products, and pork, MAGAP requires proof that the product is being purchased locally to assign amounts for import licenses. Permits are limited to a single shipment, meaning that importers are required to repeat the lengthy application process each time they seek to import these products. In cases where import licenses are not approved, the Ecuadorian Government does not typically notify companies or provide a formal explanation for the denial.

Under the ART, Ecuador has agreed to reform its import licensing systems for food and agricultural products and not apply import licensing to U.S. goods in a manner that restricts the importation of such goods. Ecuador also agreed to ensure that any non-automatic import licensing is applied only to administer an underlying measure, and in a manner that is transparent, nondiscriminatory, not unduly burdensome, and that does not reduce the competitiveness of U.S. exports.

The Ecuadorian Agency for Food Safety and Animal and Plant Health Inspection Service (AGROCALIDAD) Resolution 115-2019 requires registration of processing facilities for live animals, genetics, and livestock products and byproducts to receive import licenses. U.S. stakeholders claim that the facility registration regime is cumbersome and requires disclosure of proprietary and confidential information. Under the ART, Ecuador has agreed to reform its facility registration systems for food and agricultural products.

Taxes

Value-Added Taxes

Ecuador applies a standard value-added tax (VAT) rate of 15 percent to most goods and services, including U.S. exports to Ecuador. The government refunds VAT paid on inputs used to produce goods and services for export, including exports to the United States. The VAT does not apply to imports for personal use (*i.e.*, non-commercial) valued at up to \$400 and weighing no more than four kilograms, provided the total value of imports does not exceed \$1,600 in a calendar year. There are also VAT exceptions for certain goods and services deemed essential, such as unprocessed foods (*e.g.*, rice, milk, fruits, and vegetables), medicines, and educational services.

Under the ART, Ecuador has agreed to refrain from imposing any VAT that discriminates against U.S. companies.

TECHNICAL BARRIERS TO TRADE

Cosmetics and Personal Care

The Andean Community delayed the entry into force of Resolution 2310 by one year, to December 17, 2025, via Resolution 2458 of 2024. Resolution 2310 establishes technical regulations for labeling cosmetic and personal care products and prohibits the use of existing labels that do not comply with specific Andean Community labeling requirements. On December 17, 2025, Resolution 2540, which amends certain Resolution 2310 articles to provide greater flexibility, also entered into force. The amendments in Resolution 2540 address certain U.S. stakeholder concerns by allowing the use of stickers, providing greater clarity of requirements for packages of differing sizes, and no longer requiring translation of certain information.

GOVERNMENT PROCUREMENT

Government procurement in Ecuador can be cumbersome, nontransparent, and marked by corruption. Government institutions reportedly delay payments without explanation despite adequate provision of goods and services and proper work orders and receipts. The lack of transparency poses a risk that procuring entities will administer a procurement to the advantage of a preferred supplier.

Ecuador is not a Party to the WTO Agreement on Government Procurement (GPA) but has been an observer to the WTO Committee on Government Procurement since June 2019.

Telecommunications

The Ministry of Telecommunications (MINTEL) issued ministerial agreement, MINTEL 141-2011, which restricts government procurement of technology services such as fixed telephony, advanced mobile service, Internet services, blockchain, cloud computing and hosting, artificial intelligence, and virtual reality. Such services must be procured through the state-owned National Telecommunications Corporation (CNT). Ecuador exempts CNT from paying spectrum fees. U.S. stakeholders report that Ecuadorian state-owned enterprises (SOEs) receive preferential treatment and subsidies that allow those SOEs to compete unfairly vis-à-vis U.S. investors and exports.

Government-to-Government Contracts with the Ministry of Defense

The Ecuadorian Ministry of Defense (MOD) invites foreign companies to participate in military purchasing processes through their respective countries' embassies in Quito. According to Article 50 of the Regulation for the Procurement of Goods for National Defense, foreign embassies must submit a letter to the MOD that authorizes technology transfer for these contracts. U.S. companies are unable to compete for these government-to-government contracts because the MOD does not recognize export licenses the U.S. Embassy issues as equivalent to Article 50 requirements. Under the ART, Ecuador agreed to amend Article 50 of the Regulation for the Procurement of Goods for National Defense to recognize export licenses as equivalent to Article 50 requirements for technology transfer, thus allowing U.S. companies to bid on Ministry of Defense procurement opportunities.

INTELLECTUAL PROPERTY PROTECTION

Ecuador remained on the Watch List in the [2025 Special 301 Report](#). Among other issues, enforcement of intellectual property (IP) rights against widespread counterfeiting and piracy remains weak both online and in physical markets.

In addition, the 2016 Organic Code on Social Economy of Knowledge, Creativity, and Innovation (Ingenuity Code) contains legislation covering multiple IP matters. In December 2020, Ecuador published the final regulations implementing the *Ingenuity Code*. The regulations do not fully address concerns raised by the United States and U.S. stakeholders on issues related to copyright exceptions and limitations, patentable subject matter, and geographical indications (GIs). SENADI, Ecuador's intellectual property agency, continues to consider amendments to the *Ingenuity Code* and to review feedback from U.S. stakeholders, though it has not communicated a timeframe for revisions.

Under the ART, Ecuador has made commitments that will benefit American innovators and creators by enhancing IP protection and prioritizing enforcement against IP theft. This includes joining and fully implementing key international IP treaties and taking steps to resolve many long-standing intellectual property issues identified in USTR's Special 301 Report. Ecuador has also agreed to protect only legitimate GIs and to provide robust standards for transparency and fairness regarding the protection of GIs.

SERVICES BARRIERS

Advertising

Ecuador's Organic Communications Law (LOC) and its implementing regulations have traditionally banned all foreign-produced advertisements in Ecuadorian media outlets. Advertisements were only considered "national" if a majority of the production company's shareholders were citizens or legal residents of Ecuador and if at least 80 percent of those contributing to an advertisement's production were Ecuadorian citizens or legal residents. In August 2023, Ecuador published a new regulation that clarifies that the LOC considers "national" advertisements to include those produced in a country with which Ecuador has signed an integration treaty. The regulation does not define what constitutes an integration treaty, but private sector companies have interpreted the change to be a relaxation of LOC rules on advertisements. The requirement that 80 percent of those contributing to an advertisement's production be Ecuadorian citizens or legal residents remains in place.

Express Delivery Services

Ecuador's current regulatory framework governing express delivery shipments creates operational inefficiencies by imposing duplicative and highly manual procedures. Under Reglamento a Couriers, express delivery companies are required to have physical labels on each package containing non-standard information often already provided via an electronic air waybill. In other words, these express delivery companies are forced to have Ecuador-specific shipping labeling. Industry reports that a single labeling error could lead customs to detain the entire consolidated shipment, delaying dozens or hundreds of packages. In addition, express delivery companies report that they have to weigh each package three separate times: the consolidated shipment at arrival, by package before entering a customs-bonded warehouse, and again by package after leaving the warehouse. Together, these actions significantly slow clearance, increase operational costs, and create bottlenecks in bonded facilities, particularly during peak periods, ultimately undermining the efficiency and scalability of the U.S. express delivery industry.

Under the ART, Ecuador agreed to remove its requirement for express delivery shipments from the United States to be individually labeled with the Master Airway Bill of the shipment, and would not require packages from an express delivery company that is an AEO to have packages re-weighed, when data on the package weight has already been provided. Ecuador also agreed to implement periodic payment for express delivery shipments.

Other Digitally-Enabled Services and Digital Products

Data Localization

The Law for the Development of Technological Financial Services (Fintech Law) came into force in December 2022. The Fintech Law amended Article 146 of the Ingenuity Code, which had previously required the localization of strategic sector and national security data. The reform established a classification of data that includes open, reserved, and confidential data. The Fintech Law maintains data localization requirements for reserved and confidential data but eliminated the localization requirement for other categories of data. Consequently, companies will now be able to provide storage services for some Ecuadorian data from data centers outside Ecuador. However, under the MINTEL Agreement 141 of 2011, customers must contract with cloud services providers that rely on data centers outside Ecuador through the CNT, a state-owned company, as a local partner.

Personal Data Protection

In May 2021, Ecuador's first Personal Data Protection Law went into effect. On March 28, 2024, Ecuador appointed a Personal Data Protection Superintendent (SPDP) to implement the law. The law establishes that Ecuadorian personal data can be transferred only to organizations or territories that provide adequate levels of protection. The law also establishes fines for data protection infractions, with penalties ranging between 0.7 percent and 1 percent of revenues, depending on business volume. The SPDP issued resolution No. SPDP-2024-0002-R on September 6, 2024, to establish a technical guide for the registration of special proxies for foreign data controllers and data processors that perform personal data processing activities. SPDP also issued Resolution No. SPDP-2025-0028-R, which requires companies to appoint a Data Protection Officer by December 31, 2025. Under the ART, Ecuador has agreed to providing certainty regarding the ability to transfer personal data to the United States.

INVESTMENT BARRIERS

In May 2017, Ecuador's National Assembly voted to terminate 12 of the country's Bilateral Investment Treaties (BITs), including the United States–Ecuador BIT. The United States–Ecuador BIT was terminated on May 18, 2018, but the sunset provisions of the BIT protect U.S. investments predating May 18, 2018 for 10 years following the date of termination.

Capital Exit Tax

Ecuador levies a capital exit tax (ISD) on foreign investment repayments, dividends, and outflows. As of April 2024, Ecuador applies a 5 percent ISD. In 2021, Ecuador eliminated the ISD for the aviation industry through an executive decree and codified the exemption in its 2024 Tourism Law. Ecuador's 2021 Tax Reform Law enumerates several ISD payment exemptions to productive investments, under certain conditions.

Mining

In June 2025, Ecuador reopened its registry of mining concessions for the first time since 2018. New applications for concessions will be accepted gradually, starting with small-scale mining. Ecuador plans to fully open the registry to other types of mining by early 2026.

SUBSIDIES

Ecuador offers tax benefits to some exporters through the 2019 Law on Tax Simplification and Progressivity. These include benefits for income taxes, value-added taxes, and excise taxes dependent on the sector and size of the exporter.

In June 2024, Ecuador partially eliminated the subsidy for low-octane gasolines and introduced a price stabilization system allowing prices to rise up to 5 percent or fall up to 10 percent monthly, in reaction to international oil prices. On September 12, 2025, Ecuador reduced the subsidy on automotive diesel fuel. As of December 11, 2025, Ecuador applies a price stabilization mechanism (band system) to automotive diesel fuel. Ecuador maintains a subsidy on liquified petroleum gas. Due to subsidies, it is not profitable for a private company to import fuels at market prices.

OTHER NON-MARKET POLICIES AND PRACTICES

Ecuador does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Ecuadorean markets from distortions and ensure a fair and secure trading relationship. Under the ART, Ecuador has agreed to provisions to address distortions caused by such NMPPs. Ecuador does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Ecuador's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to Ecuador's labor law enforcement. Ecuador does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Ecuador's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Ecuador an unfair advantage. Under the ART, Ecuador has agreed to address various labor-related concerns that the United States has raised and to implement a ban on the importation of goods produced with forced or compulsory labor.

ENVIRONMENT

Illegal Logging and Associated Trade

Illegal logging and trade in illegally harvested timber puts U.S. companies that comply with environmental laws at an unfair disadvantage, depresses global wood prices, funds transnational criminal organizations, and harms the environment and local communities. U.S. stakeholders have expressed concerns about illegally harvested timber from Ecuador, driven by weak or ineffective enforcement of environmental laws and lack of capacity potentially disadvantaging American producers and manufacturers. Public reports note that the trafficking of balsa wood in particular has increased in the past few years. Mahogany and cedar are also highly targeted for illegal logging in Ecuador. Under the ART, Ecuador has agreed to address concerns regarding illegal logging and associated trade.

Illegal Mining

U.S. stakeholders have expressed concerns about illegal mining in Ecuador, driven by weak enforcement of environmental laws and the high profitability of illicit gold. Public reports estimate that illicit gold accounts for 70 percent of total gold mining activity in Ecuador. Illegal mining undercuts U.S. companies that comply with environmental laws and labor standards. Under the ART, Ecuador agreed to address concerns regarding illegal mining.

EGYPT

TRADE SUMMARY

The U.S. goods trade surplus with Egypt was \$6.6 billion in 2025, a 76.7 percent increase (\$2.9 billion) over 2024. U.S. goods exports to Egypt totaled \$9.5 billion in 2025, up 50.5 percent (\$3.2 billion) from 2024. U.S. goods imports from Egypt totaled \$2.9 billion in 2025, up 12.0 percent (\$306.7 million) from 2024. Total U.S. goods trade (exports plus imports) with Egypt was an estimated \$12.3 billion in 2025. Egypt was the 37th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Egypt was \$659 million in 2024 (latest data available), a 34.8 percent increase (\$170 million) over 2023. U.S. services exports to the Egypt totaled \$2.1 billion in 2024 (latest data available) up 1.1 percent (\$22 million) from 2023. U.S. services imports from Egypt totaled \$1.4 billion in 2024 (latest data available) down 9.4 percent (\$149 million) from 2023. Total U.S. services trade with Egypt was an estimated \$3.5 billion in 2024 (latest data available). Egypt was the 54th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Egypt Trade and Investment Framework Agreement

The United States and Egypt signed a Trade and Investment Framework Agreement (TIFA) on July 1, 1999. The TIFA is the primary mechanism for discussions of trade and investment issues between the United States and Egypt.

IMPORT POLICIES

Tariffs

Egypt's average Most-Favored-Nation (MFN) applied tariff rate was 19 percent in 2023 (latest data available). Egypt's average MFN applied tariff rate was 65.1 percent for agricultural products and 11.6 percent for non-agricultural products in 2023. Egypt has bound 99.4 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 36.8 percent.

On June 9, 2022, under Decree No. 218/2022, Egypt lowered tariffs on more than 150 categories of imported products, including pharmaceuticals and natural gas-powered automobiles, with most reductions aimed at capital goods and inputs for agriculture and industry. These lowered tariff levels remained in place in 2025. Tariffs on agricultural equipment, fertilizer, and seeds dropped from 5 percent to 2 percent. Tariffs on industrial vehicles, such as aircraft, tractors, railcars, and ships, fell from 40 percent to 2 percent, and the duty on natural gas-powered automobiles fell from 30 percent to 2 percent. In 2023, under Decree No. 67/2023, Egypt reduced tariffs on imported components for local mobile phone production including peripherals such as headphones, batteries, and cameras, which had ranged from 5 percent to 30 percent, to 2 percent.

Egypt's tariff on passenger cars with engines of 1600 cubic centimeters (cc) or less is 40 percent, and its tariff on cars with engines of greater than 1600 cc is 135 percent. Tariffs on a number of processed and high-value food products, including poultry, meat, apples, pears, cherries, and almonds, range from 20 percent to 30 percent. Alcoholic beverages for use in the tourism sector have a 300 percent tariff plus a 40

percent sales tax. The tariffs on alcoholic beverages for use outside the tourism sector range from 1,200 percent on beer and 1,800 percent on wine to 3,000 percent on sparkling wine and spirits.

On June 3, 2023, the Egyptian Ministry of Finance issued a statement indicating that importers are required to make an advance payment of one percent of the estimated taxes and fees due on imported goods, instead of the 30 percent payment previously required. Importers will pay the balance in addition to the customs tariffs when the goods arrive in Egypt.

In November 2021, Egypt increased tariffs under Decree 558/2021 for a number of products, including mobile phones. Egypt continues to impose a 10 percent duty on mobile phones. U.S. stakeholders have asserted that Egypt's tariffs on mobile phones appear to be in excess of its WTO bound rates.

Taxes

Beginning on January 1, 2025, the Egyptian Government launched the “Telephony” app, which requires travelers and importers to register imported mobile phones and pay a fee of 38.5 percent of the device's value, with an exemption for one personal use device.

Value-Added Taxes

Egypt applies a standard value-added tax (VAT) rate of 14 percent to most goods and services, including U.S. exports to Egypt. Egypt rebates VATs duties on exports, including exports to the United States. The VAT does not apply to imports of goods such as basic foodstuffs and goods and services for healthcare, education, financial and banking services, and public transport.

Non-Tariff Barriers

Import Restrictions

In July 2006, Egypt issued Ministerial Decree No. 766/2006, lifting the previous ban on imports of frozen whole birds from all origins. However, the decree does not reference the import of poultry parts and offal as being permissible, which acts as a continuing *de facto* ban on U.S. chicken limb and offal exports to Egypt. In 2022, Egypt began allowing shipments of chicken leg quarters from the United States on a limited basis. The United States pushed to expand access for poultry at the October 2024 TIFA meeting in Washington D.C. and continued to make this request in 2025.

Import Licensing

The National Food Safety Authority (NFSA) must register and approve all nutritional supplements, specialty foods, and dietary foods according to NFSA Decision No. 1/2018 on the Rules Governing the Registration and Handling of Foods for Special Dietary Uses. Importers must apply for a license to import specialty food products and renew the license every five years. License renewals can cost up to \$1,000 per renewal, depending on the product. In December 2021, the NFSA issued Decree No. 11/2021, which more than doubled the cost of conducting an inspection of imported food.

Customs Barriers and Trade Facilitation

In June 2025, the Central Bank of Egypt instructed banks to implement Ministerial Decree No. 228/2025, issued by the Ministry of Investment and Foreign Trade, which transferred the collection of administrative import fees from banks to Egypt's Customs Authority. Under the new system, customs officials now collect

these fees and transfer them directly to the Ministry's account at the Central Bank. The release of goods is contingent on full payment of these fees.

Egypt's Customs Authority continues to employ reference pricing when assessing duties. Egypt's Customs Valuation Committee often engages in lengthy deliberations without coming to a final decision on customs valuation appeals filed by U.S. businesses. Egyptian Ministerial Decree No. 86/2023 established a committee to plan for and implement an advance ruling system, following significant engagement by the U.S. Government through the TIFA dialogue and in other bilateral and multilateral fora. The U.S. Government is working closely with Egypt's Customs Authority on the implementation of an advance ruling system, including on the draft regulation.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Motor Vehicles

Egypt completed important steps to accept U.S. Federal Motor Vehicle Safety Standards (FMVSS) in 2025, moving closer to eliminating a significant barrier to the export of U.S. automobiles and automotive parts to Egypt. Through Egypt's issuance of Decision No. 112/2025 and Decree No.160/2025, Egypt will allow certain U.S. vehicle standards and requirements, including FMVSS, to establish compliance with applicable Egyptian automotive requirements. Egypt still needs to update its automotive compliance requirements to facility vehicle part approvals for products build to the U.S. system

Halal Import Requirements

In 2019, the Government of Egypt announced that IS EG Halal would be the sole certifying body approved to certify halal exports to Egypt.

In 2024, Egypt published Decision No. 1 of 2023 on the Registration Procedures for Companies Providing Certifications for Halal Food of the Ministry of Agriculture and Land Reform, General Organization for Veterinary Services which establishes eligibility requirements for accredited halal certification bodies authorized by the Government of Egypt. As written, the eligibility requirements specified would exclude all U.S. halal certification bodies. The United States has urged Egypt, in both bilateral and multilateral fora, to bring certainty, predictability, and fairness to its halal policy implementation efforts by amending Decree No. 1 to create a market environment in which more than one halal certifying body can issue halal certificates. To ensure uniform implementation, the United States has pressed Egypt to also provide clarification concerning fee structures, documentation requirements, and production process requirements. Additionally, the United States has requested that Egypt restore U.S. halal certification bodies to allow them to certify halal products destined for Egypt. The United States continues to assess the situation and actively engage with Egypt regarding these matters, including through the TIFA dialogue and in other bilateral and multilateral fora.

Sanitary and Phytosanitary Barriers

Seed Potatoes

The United States remains unable to export seed potatoes to Egypt because the Egyptian Ministry of Agriculture Central Administration for Plant Quarantine has not reached consensus with the U.S.

Department of Agriculture Animal and Plant Health Inspection Service on pest risk mitigation measures. Despite several rounds of bilateral technical meetings and numerous exchanges of information, U.S. seed potatoes have remained barred from Egypt for over 16 years.

INTELLECTUAL PROPERTY PROTECTION

Egypt remained on the Watch List in the [2025 Special 301 Report](#). Egypt has made some efforts to strengthen intellectual property (IP) protection and enforcement, including by establishing the Egyptian Agency for Intellectual Property to implement Egypt's National Intellectual Property Protection Strategy. U.S. stakeholders also reported some positive developments in enforcement, including strong working relationships with enforcement authorities, and the establishment of the Customs Notifications System, which allows right holders to notify Egyptian customs officials to interdict suspected counterfeit shipments for inspection. Egypt has also made several successful efforts to combat online piracy by coordinating with U.S. stakeholders to take down several popular piracy sites.

Despite these improvements, concerns remain. U.S. stakeholders report that the overall enforcement environment lacks effective and transparent procedures, and remains a priority issue for Egypt to address. Egyptian customs officials still lack *ex officio* authority to suspend the release of goods without a right holder's request for action, and seizures of counterfeit goods remain relatively rare. U.S. stakeholders also report that court procedures remain slow and cumbersome, and prosecutors and judges do not effectively pursue deterrent-level measures for IP violations. Additionally, Egypt is not a member of the World Intellectual Property Organization (WIPO) Performances and Phonograms Treaty or the WIPO Copyright Treaty.

SERVICES BARRIERS

Express Delivery Services

The Egyptian National Post Organization (ENPO) must grant special authorization to foreign-owned private courier and express delivery service suppliers seeking to operate in Egypt. Although express delivery services constitute a separate market, the ENPO requires private foreign express delivery operators to pay a postal agency fee of 10 percent of annual revenue on shipments of less than 35 kilograms (approximately 77 pounds.). Civil Aviation Decree 607/2015 and Egypt's amendment, Decree No. 523/2018, require all courier and express delivery services to have at least 60 percent Egyptian ownership and air freight agents to have at least 51 percent Egyptian ownership.

Financial Services

No legal barriers prohibit foreign banks from establishing branches in Egypt. However, in May 2023, the Central Bank of Egypt granted a license under the Central Bank and Banking Act (Law 194/2020) to London-based Standard Chartered Bank to establish a branch in Egypt, the first new commercial banking license issued to a foreign bank since 1979. In July 2024, the Central Bank published the regulations and procedures for banks to acquire digital banking licenses and granted preliminary approval to Digital Innovation Company, a subsidiary of Banque Misr, to launch the country's first digital bank, Onebank. Three state-owned banks (Banque Misr, Banque du Caire, and the National Bank of Egypt) control approximately 55 percent of the banking sector's total assets.

The Central Bank of Egypt issued a new licensing framework on June 19, 2025, for payment system operators and payment service providers, in line with the Central Bank and Banking Act (Law 194/2020). The framework clarifies licensing categories and introduces a 12-month transition period but raises

compliance requirements, including higher minimum capital thresholds, stronger governance standards, inspection and licensing fees, and prior approval for foreign-owned firms. Foreign payment service providers must already hold a home-jurisdiction license.

Other Digitally-Enabled Services and Digital Products

Cross-Border Transfers of Personal Data

Egypt's Personal Data Protection Law (Law No. 151 of 2020) and its newly issued Executive Regulations (Decree No. 816 of 2025) impose significant restrictions on cross-border data transfers that disadvantage U.S. companies without meaningfully enhancing privacy. Law No. 51 generally operates on a prior-authorization model for cross-border data transfers, whereby the law restricts the transfer, storage, or sharing of personal data outside Egypt unless the destination country provides a level of protection no less than that provided in the Law and the Personal Data Protection Center (PDPC) has issued a license or permit for the transfer. Absent recognition of the United States as an adequate jurisdiction for transfers, U.S. companies must obtain explicit consent from every data subject for individual international transfers for specified uses, and appoint a local representative in Egypt. These limitations, combined with the expected November 1, 2026 enforcement of the law and its implementing regulations, create significant technical barriers and compliance costs for U.S. companies. The United States has engaged with Egypt regarding best practices for privacy and data security through technical assistance engagements in September 2023 and June 2024.

Egypt's Personal Data Protection Act, Law No. 151/2020, generally prohibits the transfer of personal data outside of Egypt unless two conditions are met: (1) the destination country must provide a level of protection equivalent to Egypt's Personal Data Protection Law; and (2) the data controller or processor must obtain a license from the Personal Data Protection Center (PDPC), the main authority for implementing the Law. Egypt does not maintain a list of approved jurisdictions, leaving equivalence determination to the discretion of the PDPC. The United States has engaged with Egypt regarding best practices for privacy and data security through technical assistance engagements in September 2023 and June 2024.

INVESTMENT BARRIERS

Egypt implemented investment Law No. 72/2017 in 2017 to address longstanding complaints of foreign investors. Although the law allows foreign investors to operate sole proprietorships and partnerships, it continues to limit the number of non-nationals working at any business to 10 percent of the workforce, or up to 20 percent of the workforce if it is not possible to find Egyptian citizens with the necessary qualifications. Egypt restricts foreign equity in construction and transport services to 49 percent.

Since 2023, Egypt has undertaken numerous reforms to Egypt's investment-related laws to reduce barriers and expand opportunities for foreign investment. On April 11, 2023, Egyptian Ministerial Decree No. 141/2023 established the Supreme Council for Investment, replacing the Investment Council established in 2016. On July 25, 2023, Egypt passed Law No. 160/2023, which amends Law No. 72/2017. Law No. 160/2023 introduced new investment incentives and expanded the Golden License program—a platform that streamlines permits and approvals required to establish a business. In March 2023, Ministerial Decree No. 876 amended Ministerial Decree No. 3099 of 2019, allowing investors to obtain residency by investing in real estate or bank deposits. In May 2023, the Prime Minister approved amendments to the executive regulations for the Investment Law (Law 72 of 2017) to permit foreign investors to obtain a one-year residency permit, which may be renewed for the duration of their investment project.

On October 29, 2023, Egypt issued Law No. 173/2023 amending the Importers Registry Law No. 121/1982 of 1982, lifting the existing 51 percent minimum Egyptian ownership requirement for importers of record. It also made Egyptian companies with foreign ownership eligible to receive an importation license for a 10-year term, subject to meeting other qualifying conditions for the license such as minimum capital reserves or sales revenue. In February 2024, Egypt ratified Law No. 11/2024, amending the Desert Lands Law (No. 143/1981). Law No. 11/2024 removed any sector-specific limitations to investment that restricted foreign investors and foreign shareholder companies from owning lands in the Sinai Peninsula.

OTHER NON-MARKET POLICIES AND PRACTICES

Egypt does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Egyptian markets from distortions and ensure a fair and secure trading relationship. Egypt has not entered into an Agreement on Reciprocal Trade that includes commitments to address distortions caused by such NMPPs. Egypt does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Egypt's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. Egypt does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Egypt's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Egypt an unfair advantage.

EL SALVADOR

TRADE SUMMARY

The U.S. goods trade surplus with El Salvador was \$2.3 billion in 2025, a 3.9 percent increase (\$86.2 million) over 2024. U.S. goods exports to El Salvador totaled \$4.6 billion in 2025, up 1.2 percent (\$55.9 million) from 2024. U.S. goods imports from El Salvador totaled \$2.3 billion in 2025, down 1.3 percent (\$30.4 million) from 2024. Total U.S. goods trade (exports plus imports) with El Salvador was an estimated \$6.9 billion in 2025. El Salvador was the 48th largest U.S. goods export market in 2025.

The U.S. services trade surplus with El Salvador was \$582 million in 2025, a 20.2 percent increase (\$98 million) over 2024. U.S. services exports to El Salvador totaled \$2.3 billion in 2025, up 8.8 percent (\$189 million) from 2024. U.S. services imports from El Salvador totaled \$1.8 billion in 2025, up 5.4 percent (\$90 million) from 2024. Total U.S. services trade with El Salvador was an estimated \$4.1 billion in 2025. El Salvador was the 53rd largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

Dominican Republic–Central America–United States Free Trade Agreement

The Dominican Republic–Central America–United States Free Trade Agreement (CAFTA–DR) entered into force for the United States and El Salvador on March 1, 2006, for Honduras and Nicaragua on April 1, 2006, for Guatemala on July 1, 2006, for the Dominican Republic on March 1, 2007, and for Costa Rica on January 1, 2009. The United States and other CAFTA–DR countries meet regularly to review the implementation and functioning of the Agreement and to address outstanding issues.

United States–El Salvador Agreement on Reciprocal Trade

On January 29, 2026, El Salvador and the United States signed the Agreement Between the United States of America and the Republic of El Salvador on Reciprocal Trade (ART). The ART will enter into force 30 days after the date on which the Parties exchange written notifications certifying completion of their applicable legal procedures or on such other date as the Parties may agree. This NTE Chapter includes an illustrative set of the ART provisions that address identified barriers. The United States will closely monitor implementation of the ART.

IMPORT POLICIES

Tariffs

As a member of the Central American Common Market, El Salvador applies a harmonized external tariff on most items at a maximum of 15 percent, with some exceptions. Under the CAFTA–DR, U.S. non-agricultural goods enter El Salvador duty free.

In addition, nearly all U.S. agricultural exports enter El Salvador duty free under the CAFTA–DR. As of January 1, 2025, only one CAFTA–DR tariff-rate quota (TRQ) remains for white corn, which El Salvador made duty-free for all trading partners, including the United States, in 2024. El Salvador is required under the CAFTA–DR to make the TRQ available on January 1 of each year. El Salvador monitors its TRQ through an import licensing system. The United States carefully tracks the white corn TRQ to ensure the timely issuance of the import licenses.

Taxes

El Salvador, under its general alcoholic beverage law, assesses a specific excise tax on distilled spirits that is applied on a per-liter of alcohol basis. Distinctions between types of distilled spirits result in lower tax rates on domestically produced spirits compared to imported products. El Salvador agreed to addressing this issue in the ART.

Value-Added Taxes

El Salvador applies a standard value-added tax (VAT) rate of 13 percent to most goods and services, including U.S. exports to El Salvador. El Salvador rebates VATs duties on exports, including exports to the United States.

However, the following are subject to VAT import exceptions: machinery and equipment destined for fixed capital investment; renewable energy equipment and machinery; medicine and equipment for oncological treatment; charitable donations; books; goods from diplomatic missions; temporary imports (such as movies, professional equipment, and transport units destined for repairs); goods benefitting from tax incentives under the Technology Promotion Law and the Investment Expansion Law.

Under the ART, El Salvador has agreed to refrain from imposing any VAT that discriminates against U.S. companies.

Non-Tariff Barriers

Customs Barriers and Trade Facilitation

El Salvador has prioritized efforts to strengthen border security and facilitate trade, building on the October 2024 Mutual Administrative Assistance Agreement in Customs Matters with the United States, to address experiences of some U.S. companies with inconsistent and discretionary application of customs regulations and procedures, resulting in unpredictable delays and administrative fines. For example, exporting from a duty-free zone may be unduly cumbersome, with a requirement that representatives of the receiving company and the shipping company be physically present for the exchange of documents and release of materials. According to the Salvadoran Government, the Directorate General of Customs has completed implementation of a pilot program to move duty-free processing online, which 15 duty-free companies have used to date in more than 8,000 transactions. Additionally, El Salvador's data indicate that 24 companies, including those incorporated in the United States, have registered under the government's Authorized Economic Operator program. However, the customs valuation process for imports of express shipments is complex.

El Salvador announced in November 2025 the establishment of an Integrated Customs Intelligence Center aiming to provide comprehensive, automated, and simplified management of customs clearance processes. The United States continues to monitor customs practices and offer technical assistance.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

El Salvador has agreed to streamlining its certificate of free sale requirements under the ART. The United States continues to offer comprehensive technical assistance to support El Salvador's efforts to bolster, while streamlining, its border customs procedures.

Sanitary and Phytosanitary Barriers

Animal product exporting facilities are subject to Ministry of Agriculture (MAG) inspection and certification every three years. Because the CAFTA–DR provides equivalence for the U.S. beef, pork, and poultry inspection systems, the inspection and certification requirements apply to only U.S. animal products not covered by the CAFTA–DR, such as pet food and pet food additives or probiotics.

El Salvador has agreed to expediting product registration requirements for U.S. exports under the ART. The United States will closely monitor implementation. Following U.S. Government engagement with Salvadoran Government officials, the Sanitary Regulation Superintendency (SRS) no longer requires extensive laboratory tests for all new imported food products. As of April 2025, SRS employs a risk management framework, grouping products into high-risk (Risk A) and low-risk (Risk B and C). Since April 2025, SRS accepts third-party accredited laboratory analysis for high-risk (Risk A) food products and no longer requires laboratory analysis to register low-risk (Risk B and C) food products.

Under the ART, El Salvador agreed to preventing barriers to U.S. exports caused by its fumigation requirements. U.S. stakeholders have reported that El Salvador has eliminated, as of June 2025, its previously required certificates for U.S. grain shipments and ceased non-risk-based fumigations.

GOVERNMENT PROCUREMENT

U.S. companies have expressed concerns that Salvadoran Government agencies are not always providing sufficient advance notice to foster wide participation in bidding procedures, particularly complex infrastructure works or public-private partnership projects. During 2025, some U.S. companies have successfully participated in public sector tenders.

On March 23, 2023, the Public Procurement Law (Procurement Law) for government entities and municipalities took effect, replacing the Public Administration and Procurement Contracting Law that had been in force since 2000. In January 2024, El Salvador's Office of the Presidency approved implementing regulations. The Procurement Law establishes the National Directorate of Public Procurement, an autonomous entity charged with dictating policies and regulations for government purchases and overseeing contract execution. The law has a framework for new purchasing methods, such as, as of December 31, 2025, competitive bidding for contracts over \$98,112, price comparison for contracts under \$98,112, and electronic product catalogues for framework agreements for purchases under \$98,112. However, strategic infrastructure projects, municipal projects executed under the Directorate of Municipal Works, and purchases by subsidiaries of state-owned companies are exempt.

Since March 2022, El Salvador has been operating under a State of Exception, which has been extended on a monthly basis. As part of the State of Exception's implementation, the Salvadoran Government enacted a law, for the length of the State of Exception, that allows the Executive branch to enter negotiations and make direct purchases of goods and services related to the State of Exception without adhering to the

Procurement Law. U.S. companies have not generally expressed concern with the implementation of this law.

El Salvador is neither a Party to the WTO Agreement on Government Procurement (GPA), nor an observer to the WTO Committee on Government Procurement. El Salvador has binding international procurement obligations under the CAFTA–DR. Under the ART, El Salvador has agreed to cooperate with the United States on government procurement.

INTELLECTUAL PROPERTY PROTECTION

To implement its CAFTA–DR obligations, El Salvador undertook legislative reforms providing for stronger intellectual property (IP) protection and enforcement, entering into an Accelerated Patent Grant (APG) agreement with the United States Patent and Trademark Office, and launched a national strategy on intellectual property. Furthermore, El Salvador’s Intellectual Property Law entered into force in 2025. However, several concerns remain, including with counterfeit products, music and video piracy, and the unlicensed use of software. The effectiveness of the IP system to address patent issues expeditiously in connection with applications to market pharmaceutical products is unclear. Under the ART, El Salvador has made commitments that will benefit American innovators and creators by enhancing IP protection and prioritizing enforcement against IP theft, including moving forward with a number of key international IP treaties. El Salvador has also agreed to robust standards for transparency and fairness regarding the protection of geographic indications (GIs) under the ART.

SERVICES BARRIERS

Other Digitally-Enabled Services and Digital Products

Data Localization Requirements

On August 17, 2021, the Legislative Assembly passed amendments to the Credit History Law. The amendments introduced data localization requirements mandating credit bureaus and economic agents that report on credit history to store data exclusively in El Salvador and grant unrestricted access to the Central Bank and the Superintendence of the Financial System. U.S. stakeholders have expressed concerns that these requirements could compromise consumer data privacy and protection. On May 7, 2025, the Legislative Assembly further amended the Credit History Law by allowing credit-reporting agencies to store credit-history databases in the cloud (rather than only on-site), effectively addressing U.S. stakeholder concerns following U.S. engagement during reciprocal trade negotiations. In addition, under the ART, El Salvador agreed and implemented the amendment to the Law on the Regulation of Credit History Information Services, allowing data storage in cloud-based systems.

OTHER NON-MARKET POLICIES AND PRACTICES

El Salvador does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Salvadoran markets from distortions and ensure a fair and secure trading relationship. Under the ART, El Salvador has agreed to provisions to address distortions caused by such NMPPs. However, El Salvador does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about El Salvador's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. El Salvador does not yet have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in El Salvador's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within El Salvador an unfair advantage. Under the ART, El Salvador has agreed to address various labor-related concerns that the United States has raised and to implement a ban on the importation of goods produced with forced or compulsory labor.

ENVIRONMENT

Illegal Logging and Associated Trade

Illegal logging and trade in illegally harvested timber puts U.S. companies that comply with environmental laws at an unfair advantage, funds transnational criminal organizations, depresses global wood prices, and harms the environment and local communities. Stakeholders have expressed concerns about illegally harvested timber transshipped through El Salvador, driven by weak or ineffective enforcement of environmental laws, and potentially disadvantaging American producers and manufacturers. Under the ART, El Salvador has agreed to address concerns regarding the transshipment of illegally harvested timber products.

Illegal Wildlife Trade and Associated Crimes

Wildlife trafficking is a serious transnational crime that threatens security and economic prosperity. El Salvador serves as a wildlife trafficking transit hub, particularly for reptiles and birds that have been captured elsewhere in Central America and are being sent to the United States and Europe. Poor environmental law enforcement facilitates this illicit activity. Illegal wildlife trade undercuts legitimate U.S. businesses, for example in the pet, fashion, and medical research sectors, that comply with strict regulations and sustainable practices, and contaminates global supply chains, which might be riddled with illicit products that can ultimately reach U.S. consumers. Under the ART, El Salvador has agreed to take measures to combat, and cooperate to prevent, the trade of wild fauna and flora that were taken or traded in violation of its law or another applicable law.

ETHIOPIA

TRADE SUMMARY

The U.S. goods trade surplus with Ethiopia was \$410.9 million in 2025, a 25.5 percent decrease (\$140.3 million) over 2024. U.S. goods exports to Ethiopia totaled \$1.4 billion in 2025, up 41.2 percent (\$419.0 million) from 2024. U.S. goods imports from Ethiopia totaled \$1.0 billion in 2025, up 120.1 percent (\$559.3 million) from 2024. Total U.S. goods trade (exports plus imports) with Ethiopia was an estimated \$2.5 billion in 2025. Ethiopia was the 75th largest U.S. goods export market in 2025.

The U.S. services trade deficit with Ethiopia was \$1.1 billion in 2024 (latest data available), a 2482.9 percent increase (\$1.0 billion) over 2023. U.S. services exports to Ethiopia totaled \$855 million in 2024 (latest data available) up 9.6 percent (\$75 million) from 2023. U.S. services imports from Ethiopia totaled \$1.9 billion in 2024 (latest data available) up 133.1 percent (1.1 billion) from 2023. Total U.S. services trade with Ethiopia was an estimated \$2.8 billion in 2024 (latest data available). Ethiopia was the 79th largest U.S. services export market in 2024 (latest data available).

IMPORT POLICIES

Tariffs

Ethiopia is not a Member of the World Trade Organization (WTO) and therefore has no bound tariff rates. Ethiopia has prioritized WTO accession as part of its economic reform program.

Ethiopia's average Most-Favored-Nation (MFN) applied tariff rate was 15.6 percent in 2023 (latest data available). Ethiopia's MFN applied tariff rate averaged 20.5 percent for agricultural products and 13.9 percent for nonagricultural products in 2023 (latest data available).

Ethiopia implemented tariff reductions for certain raw materials, intermediate goods, and capital goods to promote the growth of the manufacturing sector in 2021.

Taxes

Value-Added Taxes

Ethiopia levies a standard value-added tax (VAT) of 15 percent on most goods and services imported from the United States. Exceptions include aircraft and aircraft parts, as well as capital goods and select raw materials that qualify for duty-free and tax-free treatment under investment incentive provisions. Conversely, Ethiopia exempts its exports to the United States from taxes and customs duties, except for raw hides and skins, which remain subject to export duties.

In September 2021, the Government of Ethiopia had lifted taxes and tariffs on the importation of wheat, rice, sugar, and edible oil to address rising inflation. However, in June 2024, the government re-imposed a 15 percent VAT on the importation of sugar and edible oil to enhance tax revenue.

Non-Tariff Barriers

Import Bans/Restrictions

Ethiopia is working to lift the ban on the import of used or refurbished medical equipment intended for resale. In place of the ban, the government plans to implement restrictive tariffs to regulate the volume of these imports. Imports of other goods intended for resale or commercial purposes are permitted, provided payment transactions are carried out through Ethiopian banks. In August 2024, the Finance Ministry relaxed import restrictions on some of the 38 product categories that had been banned in October 2022. In July 2024, Ethiopia's Ministry of Transport and Logistics renewed an import ban on new and used internal combustion engine vehicles for personal and commercial use, which had entered into force in January 2024. With this ban, Ethiopia ostensibly permits the import of only electric and hybrid vehicles. On October 2, 2025, the Ethiopian Government expanded the ban to the importation of all diesel-powered heavy vehicles. Ethiopia also introduced a duty-free incentive for the importation of gas-powered trucks.

Import Licensing

As of July 2023, Ethiopia's Ministry of Trade and Regional Integration is responsible for issuing online import licenses, a task previously delegated to regional authorities. The online license process is limited due to the lack of Internet connectivity. In addition to obtaining an import business license, importers must obtain an import registration number before bringing a product into the country.

Customs Barriers

Companies report that the Ethiopian Customs Commission frequently changes regulations with no warning, leading to costly delays as goods sit in port while the companies attempt to adjust to new requirements.

SANITARY AND PHYTOSANITARY BARRIERS

Ethiopia maintains cumbersome requirements such as extensive documentation of health, phytosanitary, tax, import, and origin certificates for registration and approval of imported products, such as processed foods, planting seeds, fertilizer, and plant protection products.

Biotechnology

Ethiopian regulations prohibit genetically modified feeds and those containing growth stimulating hormones from entry into the Ethiopian market. Importers are required to provide attestation or evidence that the product is free from genetically modified ingredients, although exceptions exist for noncommercial imports of food and feed products, including those for emergency relief purposes, food assistance, and scientific research.

Ethiopia also prohibits the importation of animals and animal genetic materials containing genetically modified organisms or living modified organisms.

In February 2025, Ethiopia's National Variety Release Committee (NVRC) granted commercial approval for the cultivation of genetically-engineered (GE) TELA maize for food and feed use. TELA maize varieties have not yet entered full domestic production. As part of the approval terms and conditions, the Ethiopian Environmental Protection Authority has imposed stringent conditions including requirements for reproductive isolation zones, designated production areas, and the use of refuge lines. These measures are

difficult to implement in practice and hindered the establishment of the 120 demonstration plots that were planned for the 2025 season.

In February 2025, EIAR received approval from NVRC for the commercial release of new *Bacillus thuringiensis*-glyphosate tolerant (Bt–GT) cotton hybrid variety, ACh3, which carries triple genes conferring resistance to bollworm and glyphosate herbicide. This marked the second time Ethiopia has approved GE cotton for commercial release.

Infant Formula/Powdered Milk

The Ethiopian Food and Drug Administration (EFDA) has a mandatory list of food products that must be registered and approved prior to initial importation. Infant formula (milk) and food supplements are strictly prohibited from entering the market without prior registration and approval. Ethiopian food regulations prohibit the importation of baby food, including powdered milk or infant formula, containing genetically modified ingredients.

Product Registration

EFDA requires registration for milk and milk products, meat and meat products, poultry products, seafood, processed vegetables, sliced fruits, nuts and nut products, therapeutic foods, cereal-based complementary foods, confectionaries, fats and oils, processed fruits, packed water, soft drinks, beer, iodized salt, and noodles. The registration process can take years to successfully complete. EFDA uses an Electronic Regulatory Information System (eRIS), a licensing and application portal, to oversee market authorization and import approval for food and medical products.

GOVERNMENT PROCUREMENT

Some Ethiopian Government tenders are open to foreign participation. Although procurement announcements are usually public, many major procurements do not undergo a transparent tendering process. Obstacles to foreign participation in government procurement tenders include complicated and inadequately established procedures, repeated cancellation of published requests for proposals, capacity gaps on the part of procurement agencies, delays in decision-making, lack of public information, and corruption. Furthermore, since 2018, several dozen government procurement officials across a variety of Ethiopian Government agencies have been arrested for corruption as part of a broader reform effort.

As of December 31, 2024, nearly all 170 Ethiopian federal institutions began to process electronic procurements aimed at increased transparency and accountability. Lack of technological infrastructure and capacity limitations, however, challenge the full implementation of electronic procurement.

Ethiopia has been engaged in the WTO accession process since 2003 but is not yet a Member. Therefore, it is neither a Party to the WTO Agreement on Government Procurement (GPA) nor an observer to the WTO Committee on Government Procurement.

INTELLECTUAL PROPERTY PROTECTION

Inadequate intellectual property (IP) protection and enforcement remain a serious concern in Ethiopia. Ethiopia is a member of the World Intellectual Property Organization (WIPO) and has demonstrated an interest in strengthening its IP regime. Ethiopia is not a member of most major international IP treaties, including the Berne Convention for the Protection of Literary and Artistic Works, WIPO Internet Treaties, and the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights. In 2024, the Ethiopian

parliament ratified the Paris Convention for the Protection of Industrial Property (Paris Convention) and the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol). The Paris Convention entered into force for Ethiopia in 2025. The Ethiopian Government has not yet deposited the instrument of ratification for the Madrid Protocol with WIPO. Trademark infringement, especially in the hospitality and retail sectors, continues to be an issue. IP enforcement is inconsistent because enforcement capacity and coordination is lacking among Ethiopian Government agencies. The Ethiopian Intellectual Property Authority is responsible for the administration of IP laws, as well as the determination of disputes through the Intellectual Property Tribunal. Actions to combat the sale of counterfeit goods and piracy remain inadequate.

SERVICES BARRIERS

Financial Services

In December 2024, Ethiopia's Parliament approved a banking proclamation. Banking Business Proclamation No. 1360/2025 allowing foreign participation in the country's financial sector. The new law allows foreign investors, subject to the National Bank of Ethiopia's licensing and other requirements as well as prior approval, to establish a locally incorporated subsidiary, open to a foreign bank branch, acquire equity stakes in Ethiopian banks, or establish a representative office for non-transactional activities. However, the law limits foreign ownership of Ethiopian banks, restricting the combined foreign-owned share of Ethiopian banks to 49 percent. The proclamation further requires foreign banks to include Ethiopian citizens on their boards and reportedly limits foreigners to one seat on each board of Ethiopian banks.

Few international banks maintain representative offices, and all trade financing is required by law to go through an Ethiopian bank. This creates significant challenges for foreign investors with accounts outside Ethiopia. On December 24, 2022, Ethiopia's Parliament approved the opening of digital financial services to foreign companies to expand financial services in geographic areas underserved by traditional banks, increase competition in the telecommunications industry, and to facilitate the exchange of technology and knowledge. In 2023, for the first time, the National Bank of Ethiopia allowed certain foreign direct investors to open offshore accounts to service external debts, pay for foreign insurance and warranty claims, meet financial obligations to foreign contractors, and cover other foreign capital and operational expenses.

INVESTMENT BARRIERS

The 2020 Investment Law allows foreign investors to invest in any sector except those that are clearly reserved for domestic investors. The law reserves insurance, microfinance, and electricity transmission and distribution for domestic investors. Foreign investors can jointly invest as minority stakeholders with domestic investors in areas such as freight forwarding and shipping, domestic air transportation services, advertisement and promotion, audiovisual services, and accounting and auditing services. For joint ventures with state-owned enterprises (SOEs), some investors report that the government informally encourages foreign investors to hire local labor and utilize domestic raw materials. Ethiopia has taken steps to liberalize foreign investment in certain previously restricted sectors, such as export trade in strategic commodities such as raw coffee, oilseeds, and livestock, but many formal and informal barriers to foreign investment remain. Foreign participation is prohibited in import trade in fertilizer and petroleum, and wholesale trade in fertilizer. Foreign investors must carefully navigate regulatory approvals to participate in the economy.

STATE-OWNED ENTERPRISES

Although the Government of Ethiopia has launched processes to fully or partially privatize some SOEs, most notably under the Homegrown Economic Reform Plan, SOEs continue to dominate major sectors of the economy. These include the telecommunications, power, banking, insurance, air transport, certain agricultural processing, industrial parks, and shipping industries. Many SOEs maintain a monopoly over their respective sectors, which allows the Government of Ethiopia to dictate prevailing rates for many goods and services. U.S. investors complain about the lack of a level playing field regarding SOEs. In 2019, the Government of Ethiopia passed a law that prohibits certain SOEs from accessing new loans and instructs them to focus on completing unfinished projects. SOEs, however, have considerable advantages over private firms, such as expedited customs clearance processing, priority access to financing and foreign currency from the Commercial Bank of Ethiopia, preferences in government tenders and land acquisition, and marketing assistance. In December 2021, the Government of Ethiopia established Ethiopian Investment Holdings, a sovereign wealth fund, to prepare over 40 SOEs for full or partial privatization. The Government of Ethiopia has offered to sell eight state-owned sugar enterprises and a 45 percent stake in Ethio Telecom to foreign bidders. In October 2024, the government conducted a public share offering to sell 10 percent of its shares in Ethio Telecom to Ethiopian investors as part of a privatization effort, however, only 10 percent of the shares were sold.

Transport and logistics are predominantly conducted by SOEs in Ethiopia, and monopolistic market conditions in multimodal transport operations and inadequate infrastructure inhibit private sector logistics companies. Consequently, logistics costs comprise approximately 22 percent to 27 percent of final costs for many products, shipping and freight costs are approximately 60 percent higher than in neighboring countries. Under the framework of a comprehensive logistics strategy, the Government of Ethiopia has slated the logistics sector for liberalization, and Ethiopian Railways officials report the border crossing process between Ethiopia and Djibouti by train has been streamlined. On October 13, 2024, the Minister of Transport and Logistics issued a directive allowing foreign investors to own 100 percent of logistics companies, an increase from the previous cap of 49 percent.

OTHER NON-MARKET POLICIES AND PRACTICES

Ethiopia does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Ethiopian markets from distortions and ensure a fair and secure trading relationship. Ethiopia has not entered into an Agreement on Reciprocal Trade that includes commitments to address distortions caused by such NMPPs. Ethiopia does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Ethiopia's law regarding the protection of internationally recognized labor rights, including with respect to the effective abolition of child labor, a prohibition on the worst forms of child labor, and acceptable conditions of work with respect to minimum wages and hours of work. The United States also has concerns with respect to labor law enforcement. Ethiopia does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Ethiopia's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Ethiopia an unfair advantage.

OTHER BARRIERS

Bribery and Corruption

Ethiopian and foreign businesses routinely encounter corruption in tax collection, customs clearance, and land administration. Some U.S. businesses operating in Ethiopia reported that they were frequently solicited for bribes to secure business contracts. Tax administration in Ethiopia is corrupt and inefficient, and the Ethiopian Government supplements revenues by levying higher taxes on foreign investors and businesses and limiting their ability to appeal tax levies. U.S. and other foreign companies complain they are unfairly targeted for tax collection compared with local companies and are presented with spurious tax bills. In 2022, the Government of Ethiopia recognized corruption as a threat to national security and an obstacle to doing business and formed a new National Anti-Corruption Committee led by the head of the National Intelligence and Security Service. Between June 2023 and June 2024, the Ministry of Justice Anti-Corruption Directorate prosecuted 186 cases, resulting in 164 convictions.

Foreign Currency Controls

Since Ethiopia introduced macroeconomic reforms in July 2024, foreign currency availability for importers and traders has improved. Businesses operating in Ethiopia report that, although some constraints remain, access to foreign currency is now more predictable, reducing uncertainty around import financing and profit repatriation.

Under National Bank of Ethiopia (NBE) Foreign Exchange Directive No. FXD/01/2024 Directive and a follow up February 2026 Directive that further liberalized capital controls, all imports, exports, and outgoing foreign payments require processing through licensed commercial banks, which negotiate exchange rates. Exporters may retain 50 percent of their earnings in foreign currency in designated retention accounts held in Ethiopian banks, while requiring the remaining 50 percent of export proceeds to be converted into Ethiopian birr, and use of retained balances remains subject to NBE approved purposes for imports and external debt servicing. Additionally, in August 2024, Ethiopia allowed traders to temporarily import goods using the franco valuta system, although the broader permissions were rolled back in November 2024, and as of the end of 2025 most imports continue to require foreign exchange obtained through licensed banks.

Expanding on macroeconomic reforms begun in 2024, Ethiopia significantly reduced capital controls on foreign currency in February 2026, allowing banks to handle many more market-based, foreign exchange functions and accounts, and foreign investors to repatriate currency more easily.

EUROPEAN UNION

TRADE SUMMARY

The U.S. goods trade deficit with the European Union (EU) was \$218.8 billion in 2025, a 7.3 percent decrease (\$17.1 billion) over 2024. U.S. goods exports to the EU totaled \$414.4 billion, up 12.1 percent (\$44.6 billion) from 2024. U.S. goods imports from the EU totaled \$633.2 billion in 2025, up 4.5 percent (\$27.5 billion) from 2024. Total U.S. goods trade (exports plus imports) with the EU was an estimated \$1,047.6 billion in 2025.

The U.S. services trade surplus with the EU was \$105.4 billion in 2025, a 19.0 percent increase (\$16.8 billion) over 2024. U.S. services exports to the EU totaled \$326.6 billion in 2025, up 10.8 percent (\$31.9 billion) from 2024. U.S. services imports from the EU totaled \$221.2 billion in 2025, up 7.3 percent (\$15.1 billion) from 2024. Total U.S. services trade with the EU was an estimated \$547.8 billion in 2025.

OVERVIEW

The United States and the Member States of the EU share the largest economic relationship in the world. Trade and investment flows between the United States and the EU are a key pillar of prosperity on both sides of the Atlantic and generate substantial economic opportunities.

Goods and services produced by the United States nonetheless face persistent barriers entering and maintaining access to certain sectors of the EU market, which limits the opportunity of U.S. workers and businesses to benefit from transatlantic trade. This chapter of the National Trade Estimate (NTE) Report highlights the most significant of these barriers, some of which have persisted despite repeated efforts at resolution through bilateral consultations, World Trade Organization (WTO) committee meetings, or WTO dispute settlement. Certain barriers have been highlighted in the annual NTE Report for many years.

On August 21, 2025, the United States and the EU issued a Joint Statement on a U.S.–EU Framework on an Agreement on Reciprocal, Fair, and Balanced Trade. Under the Framework, the EU committed to eliminate tariffs on all U.S. industrial goods and provide preferential market access in various seafood and agricultural goods, creating new market access opportunities for a significant volume of U.S. goods exports. The EU also committed to address non-tariff barrier (NTB) concerns, such as complicated sanitary certificate requirements for U.S. pork and dairy products, burdensome environmental and supply chain measures, costly automotive regulatory requirements, and unjustified digital trade barriers. In addition, the EU committed to consult with the United States and U.S. traders on digitalization of trade procedures and implementation of the legislation currently proposed on EU Customs Reform. The Framework also includes EU purchase commitments in energy products (\$750 billion) and artificial intelligence (AI) chips for computing centers (\$40 billion), as well as \$600 billion in investments into the United States.

The EU is taking steps to implement the Framework commitments. The United States continues to press the EU for swift passage of its necessary legislative proposals to implement the tariff reductions set forth in Section 1 of this Framework.

IMPORT POLICIES

Tariffs

The EU's average Most-Favored-Nation (MFN) applied tariff rate was 5 percent in 2024 (latest data available). The EU's average MFN applied tariff rate was 10.5 percent for agricultural products and 4.1 percent for non-agricultural products in 2024 (latest data available). The EU has bound 100 percent of its tariff lines in the WTO, with an average WTO bound tariff rate of 5 percent.

Although the EU's tariffs are generally low for non-agricultural goods, some EU tariffs on specific non-agricultural goods are high, with rates of up to 26.0 percent for fish and seafood, 22.0 percent for trucks, 14.0 percent for bicycles, 10.0 percent for passenger vehicles, and 6.5 percent for fertilizers and plastics.

On August 21, 2025, the United States and the EU issued the Joint Statement, in which the EU committed to eliminate tariffs on all U.S. industrial goods and provide preferential market access for various U.S. seafood and agricultural goods. Once implemented, these tariff reductions are expected to create commercially meaningful EU market access opportunities for U.S. goods exports. Since the issuance of the Joint Statement, the United States has implemented its various tariff-related commitments with respect to EU goods, and continues to press the EU for swift passage of its legislation implementing the EU's tariff-related commitments.

Meursing Table Tariff Codes

Many processed food products, such as confectionary products, baked goods, and miscellaneous food preparations, are subject to a special tariff code system in the EU. Under the EU's Customs Tariff database system, the "Meursing" table is used to assign product codes and calculate additional duties on certain products with components that include milk protein, milk fat, starch, and sugar. As a result, products that the United States and other countries might consider equivalent for tariff classification purposes sometimes receive different rates of duty in the EU depending on the particular composition of each product. The difficulty of calculating Meursing duties imposes an unnecessary administrative burden on, and creates uncertainty for, exporters, especially those seeking to ship new products to the EU. While the EU agreed in the Joint Statement to provide preferential market access for many products that are subject to these complex tariffs through tariff-rate quotas (TRQs) and tariff reductions, the complexity and difficulty of actually calculating the tariffs for these products remains.

Entry Price System

The EU's Entry Price System (EPS) is a costly and burdensome seasonal tariff scheme that increases the price of imported fruits and vegetables for European consumers. When applied to imports entering the EU below a product-specific minimum import price, the EPS results in an additional specific tariff that is in excess of the MFN rate. This complicated, high tariff regime is restrictive and inhibits U.S. exports. Under the Joint Statement, the EU committed to provide preferential market access for U.S. fruits and vegetables, including those that are subject to the EPS, through the elimination of MFN tariffs, but the EPS charge will remain in place.

Taxes

Value-Added Taxes

The European Union applies a standard value-added tax (VAT) of no less than 15 percent to goods and services under the EU VAT Directive (Council Directive 2006/112/EC), though Member States may apply one or two reduced rates of no less than 5 percent to certain goods or services. The EU's average standard VAT rate is 21.9 percent, with the highest standard VAT rates applied in Hungary (27.0 percent), Finland (25.5 percent), and Croatia, Denmark, and Sweden (all at 25.0 percent). EU Member States rebate VATs duties on exports, including exports to the United States.

Non-Tariff Barriers

Customs Barriers and Trade Facilitation

Notwithstanding the existence of customs legislation that governs all Member States, the EU does not administer its laws through a single customs administration. Rather, separate agencies are responsible for the administration of EU customs law in each Member State. It is therefore difficult for the EU to ensure that its rules and decisions on classification, valuation, origin, and customs procedures are applied uniformly throughout the Member States, and creates a barrier for U.S. exports through the uneven and inconsistent application of these requirements.

The Binding Tariff Information program provided for by EU-level law, but administered at the Member State-level, does provide for advance rulings on tariff classification and country of origin. However, EU rules do not require the customs agency in one Member State to follow the decisions of the customs agency in another Member State with respect to materially identical issues. In some cases where the customs agency of a Member State administers EU law differently from, or disagrees with, the Binding Tariff Information issued by another Member State, the matter may be referred to the EU's Customs Code Committee (CCC) to help achieve uniform administration. The CCC's effectiveness in reconciling differences among Member States is limited. The CCC consists of Member State representatives and is chaired by a European Commission representative. The CCC and other EU-level institutions do not provide transparency in decision-making or opportunities for participation by traders.

In addition, the EU lacks tribunals or procedures for the prompt review and EU-wide correction of administrative actions relating to customs matters. Instead, review is provided in the tribunals of each Member State, and the rules regarding these reviews vary from Member State to Member State. A trader encountering differing treatment in multiple Member States must bring a separate appeal in each Member State whose agency rendered an adverse decision.

Ultimately, a question of interpretation of EU law may be referred to the Court of Justice of the European Union (CJEU). Although the judgments of the CJEU apply throughout the EU, referral of a question to the CJEU is generally discretionary, may take many years, and may not afford sufficient redress. Thus, obtaining corrections with EU-wide effect for administrative actions relating to customs matters is frequently cumbersome and time-consuming. The United States has raised concerns regarding the lack of uniform administration of EU customs law with the EU in various forums, including in the WTO Dispute Settlement Body.

The European Commission has sought to modernize and simplify customs rules and processes. The Union Customs Code (UCC), was adopted in 2013 and entered into force in 2016. Although the UCC contains a number of procedural changes, the key element of a harmonized information technology infrastructure has yet to be completed. Member States continue to use different data templates.

In the midst of continued implementation of the UCC, the European Parliament and the Council of the European Union (European Council) are deciding on a new Customs Reform Package that will create a pan-EU Customs Agency and an EU-wide Data Hub for customs declarations. U.S. stakeholders welcome the new approach hoping it will increase uniformity, but are concerned about how the hub will operate, how it will respond to user concerns, and how it will protect and distribute the valuable data it will be collecting.

Parallel to the customs reform package, the EU has announced a series of additional fees on the importation of electronic commerce packages and low value shipments. The EC will impose a fixed duty of €3 (approximately \$3.33) on imports of goods valued at less than €150 (approximately \$167) starting in July 2026. Additionally, the EC plans to add a handling fee on electronic commerce packages by the end of 2026 to cover customs processing costs. U.S. industry seeks clarity on the value of these fees and assurances that the fees are limited to the approximate cost of the services rendered by customs authorities. Several Member States have announced their own respective electronic commerce handling fees in addition to the EU-wide fee, and the fees are coming into force at different times and in different amounts. U.S. industry has expressed concern that the Member State fees could duplicate EU fees for the same service and add to the administrative burdens arising from a lack of uniformity within the Customs Union.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Transparency and Notification

U.S. exporters face a proliferation of technical barriers to trade (TBT) in the EU, attributable in part to aspects of the EU's regulatory processes, which prescribe conditions for the consideration and adoption of regulations and related decisions without adequate notification or the opportunity to incorporate public comments from trading partners. The United States regularly raises concerns, both during bilateral engagements and in the WTO Committee on Technical Barriers to Trade (WTO TBT Committee), that EU notifications often take place at a stage in the EU's regulatory process when it is too late to revise the measure to take into consideration any substantive concerns raised by other WTO Members. Furthermore, notifications of proposed measures often lack specificity or incorporate by reference the publication of future, European-unique standards that do not yet exist, so that non-European producers do not have a meaningful opportunity to engage or offer informed comments.

For example, under the EU's regulatory processes for Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) (Regulation EC 1907/2006) and Classification, Labeling, and Packaging (CLP) (Regulation EC 1272/2008), proposed restrictions are typically notified to the WTO only after scientific review and regulatory impact committees have convened and the European Commission's domestic consultations have concluded. These domestic consultations are not always transparent to non-EU stakeholders, which can limit their ability to provide comment and for those comments to be taken into consideration. In other cases, measures undergo significant changes during the negotiations among the European Council, the European Commission, and the European Parliament, absent additional consultations with stakeholders, notifications, or impact assessments. Finally, failure to notify measures with adequate comment periods is also observed at the Member State-level, including in the case of recent Irish alcohol labeling regulations. Improvement and greater consistency in EU and Member State notification of measures could benefit U.S. exports by contributing to a more predictable market environment.

European Standardization and Conformity Assessment Procedures

The EU's exclusionary approach to standards-related measures, including its conformity assessment framework, and its efforts to encourage governments around the world to adopt its restrictive approach, imposes significant burdens on U.S. exporters. In particular, the EU's approach impedes market access for U.S. products that do not conform to European regional standards (ENs), including products that comply with international standards that are not harmonized with ENs, even though these international standards may meet or exceed the EU regulatory requirements. Products regulated by the EU must conform to these EU-specific regional standards to benefit from a "presumption of conformity" with the EU's essential regulatory requirements. U.S. exporters thus face additional burdens in accessing the EU market that are not faced by domestic producers in the EU and often not faced by EU exporters when accessing the U.S. market.

ENs can be developed only through three European Standards Organizations (ESOs), as directed by the European Commission through a standardization request. The three ESOs are the European Committee for Standardization (CEN), the European Committee for Electrotechnical Standardization (CENELEC), and the European Telecommunications Standards Institute (ETSI). Within these designated ESOs, the CEN and CENELEC technical committees draft harmonized ENs. Both generally exclude non-EU nationals from participating in their standard-drafting process. In the limited instances where non-EU nationals do participate, they are not allowed to vote.

On February 2, 2022, the EU published the European Standardization Strategy, which amends Regulation (EU) 1025/2012 on ESOs to require that the ESOs restrict the involvement of non-EU interests in the development of harmonized EN standards. The change primarily affects the development of standards at the ETSI, which specializes in information and communications technologies and had been the only ESO to provide for direct participation by foreign firms. In addition, new policies implemented by the European Commission, such as a refusal to reference underlying standards developed outside of Europe and new restrictions imposed on participation in expert advisory groups (including the newly-created High Level Forum on European Standardization), suggest a sustained effort to exclude foreign participants, undermine the acceptance of international standards developed in the United States, and project European regional standards abroad.

On May 21, 2025, the European Commission put forward a proposal to broaden the use of "common specifications" under certain EU product legislation (proposals for a directive and a regulation regarding digitalization and common specifications). Common specifications, a set of technical requirements to be adopted directly by the European Commission, would serve as a legally recognized alternative option for presumption of conformity with EU rules in the absence of harmonized ENs. U.S. stakeholders have raised concerns regarding growing reliance on common specifications, given the lack of transparency as to their development process and the resulting risk of further undermining international alignment and the traditional open, consensus-based, private-sector-led standards development process. The proposals for a directive and a regulation on digitalization and common specifications were submitted to the European Parliament and the European Council for consideration. The European Council adopted its position on the proposals on September 24, 2025. The European Parliament committee responsible for this file adopted its position in January 2026, and interinstitutional negotiations were expected to begin in Spring 2026.

The United States is concerned that the European Standardization Strategy and other exclusionary steps indicate that the EU is moving further away from cooperation with trading partners in standardization, and barriers in the transatlantic market will thus be exacerbated rather than ameliorated. The United States relayed its concerns to the EU in response to EU public consultations on the functioning of Regulation (EU) 1025/2012 in July 2024 and December 2025.

As part of its free trade agreements, the EU secures commitments that trading partners will only consider a standard issued by a subset of specific standards-developing organizations, none of which are domiciled in the United States, as an “international standard” (e.g., the EU–Japan Economic Partnership Agreement, Article 7.6). This practice accords preferential treatment to organizations in which the EU carries an outsized influence (e.g., the World Forum for Harmonization of Vehicle Regulations within the framework of the United Nations Economic Commission for Europe) or with which the ESOs have existing cooperation agreements (e.g., the International Organization for Standardization and the International Electrotechnical Commission). This approach is narrower than what is provided for under the WTO Agreement on Technical Barriers to Trade and related decisions of the WTO TBT Committee, which recognize that “international standards” are developed in accordance with certain principles and without reference to particular institutions or methods of organization.

The United States also has serious concerns regarding the EU’s conformity assessment framework, set out in Regulation (EC) 765/2008 and Decision 768/2008/EC. Regulation (EC) 765/2008 requires each Member State to appoint a single national accreditation body that can accredit conformity assessment bodies and prohibits competition among Member States’ national accreditation bodies. Furthermore, the EU’s interpretation of Decision 768/2008/EC sets out that conformity assessment bodies must be located in the EU in order to test to EU regulations. This geographic restriction denies U.S.-domiciled conformity assessment bodies the opportunity to certify products for the EU market, outside of existing mutual recognition agreements. It also raises significant market access concerns for U.S. producers whose products have been tested or certified by conformity assessment bodies located outside the EU. Without any associated improvement in quality or safety, the EU conformity assessment approach increases time to market and raises costs for U.S. exporters.

Chemical Regulations

The EU’s framework for chemicals policy continues to present a number of significant barriers for U.S. exporters. Stakeholders have raised concerns that, as part of the registration process under REACH, they must provide data that is not relevant to the proposed uses of a registered substance. Proposed regulations to harmonize classifications of chemicals via the CLP often appear driven by a process that does not allow adequate time for stakeholder comment. The European Chemicals Agency (ECHA) may, in certain circumstances, hold targeted consultations, with abbreviated comment periods, which makes it challenging for industry to respond, particularly when the proposed changes differ significantly from the globally harmonized classifications followed by U.S. industry and other economies. As with other sectors, the United States is concerned that the EU’s reliance on a “precautionary” or “hazard-based” approach to regulation of chemicals can result in severe use limitations that are not based on a scientific assessment of the actual risks of exposure in specific uses, including in manufactured goods. For example, in December 2024, the EU published a public consultation proposing the classification of *Melaleuca alternifolia* (tea tree oil) as a Category 1B reproductive toxicant under the CLP Regulation, based on an opinion of the ECHA’s Risk Assessment Committee. U.S. industry raised concerns that this classification would have the effect of prohibiting the placement on the EU market of U.S. products containing tea tree oil, which could include a range of products such as cosmetics, biocides, insect repellants, and over-the-counter herbal supplements. In December 2025, the European Commission adopted amendments to Annex VI of the CLP Regulation that included this classification. Ongoing scientific studies of tea tree oil’s effects have not yet been concluded, yet the EU has moved forward with its decision-making process without waiting to consider new scientific data. The United States raised concerns regarding the scientific basis, transparency, and trade impacts of the tea tree oil classification in the WTO TBT Committee and continues to engage with the EU to address the resulting market access implications. Under the same CLP mechanism, the EU is also considering reclassifying lithium salts as Category 1A reproductive toxins, which raises similar concerns regarding the evidence used in the assessment process and potential trade impacts.

In addition, U.S. stakeholders have raised general concerns over increasing regulatory unpredictability and overlapping measures. Also, Member States' implementation of REACH appears to be inconsistent and lack transparency, which can result in requirements that are more onerous for U.S. exporters than they are for EU businesses and products that already exist in the EU market.

Classification, Labeling, and Packaging Hazard Classes

The United States has voiced concerns regarding the European Commission Delegated Regulation (EU) 2023/707 of December 19, 2022 (amending Regulation (EC) 1272/2008) regarding hazard classes and criteria for the classification, labeling and packaging of substances and mixtures, noting that the new CLP classification and labeling requirements diverge from the Globally Harmonized System of Classification and Labelling of Chemicals (GHS). The United States has encouraged the EU to remain aligned with the GHS, and not to preempt the GHS working groups or ongoing scientific reviews by the Organization for Economic Cooperation and Development of new labeling requirements. Delegated Regulation (EU) 2023/707 entered into force on April 20, 2023. The EU released guidance on these new classification and labeling requirements in November 2024, with the new requirements going into effect in May 2025 for new substances.

Per- and Polyfluoroalkyl Substances

On February 7, 2023, the ECHA published a proposed restriction that would largely eliminate the production and use of per- and polyfluoroalkyl substances (PFAS). The United States is concerned that the EU proposal is not science-based as it does not adequately consider the different hazard and associated risk profile of the various PFAS chemicals that would be subject to the proposed restriction. It also does not consider the implications of the ban for several critical uses, such as in the production of some renewable energy products, as well as other manufactured goods, such as semiconductors, heat pumps, air conditioning, medical devices, and propellants, for which the EU has not yet conducted a technological assessment to determine if there are commercially feasible alternatives to PFAS. Additionally, the proposal could impact the implementation of global treaties, such as the Montreal Protocol, by restricting alternatives developed to support implementation. In addition, in August 2025, the EU updated its proposal, adding eight sectors not included in the initial proposal, as well as an updated timeline for its scientific evaluation of the proposal, but it does not appear that the EU plans to provide sufficient time for public consultation on the updated proposal or to carry out a sector specific evaluation of the eight new sectors. The United States continues to raise these concerns bilaterally, including at WTO TBT Committee meetings.

Fluorinated Greenhouse Gases

In February 2024, the EU adopted an update to the 2014 Fluorinated Greenhouse Gas (F-Gas) Regulation, (EU) 2024/573 that will accelerate the phase-out of many technologies that use F-gases. The Regulation included restrictions on certain uses of hydrofluoroolefins (HFOs), even though these gases are not restricted via the Kigali Amendment to the Montreal Protocol and have different hazard profiles. The EU's decision was taken without consideration of the availability of viable technological and commercially available alternatives. The United States further expressed concerns that the restriction of all HFOs under the F-Gas Regulation on the basis of potential hazard was premature and duplicative of the EU's proposed PFAS restriction via REACH. The United States has also questioned whether the proposed risk mitigation strategy to eliminate new commercial uses of HFOs in transportation, heat pumps, air conditioning, and commercial refrigeration was based on science, given that some F-gas uses were found by the Montreal Protocol's Environment Effects Assessment Panel's 2022 quadrennial report to present *de minimis* risks to environmental and human health. The United States repeatedly raised concerns regarding the EU's approach both bilaterally and in coordination with several WTO members at the WTO TBT Committee.

The United States continues to monitor implementation of the measure, as it will have significant implications for U.S. exporters of HFOs and manufactured products, including air conditioning, heat pumps, refrigerated transport, and thermal management technologies for electrical systems and data centers.

(Additional concerns with EU's policies regarding F-gas are discussed in the Other Barriers subsection of this NTE Report Chapter.)

Packaging and Packaging Waste Regulation

On January 22, 2025, the EU published Regulation (EU) 2025/40 on packaging and packaging waste (PPWR) to replace an existing directive in an effort to harmonize Member State packaging and packaging waste regulations. The regulation entered into force on February 11, 2025, with general application to start as of August 12, 2026. As the application date approaches, U.S. stakeholders are concerned about legal uncertainty, lack of clear implementing guidance, and interpretative divergences vis-à-vis key definitions, methodologies, and requirements under the PPWR. Further, multiple Member States have begun adopting national packaging measures in advance of EU implementing guidance that U.S. industry is concerned may create separate packaging or labeling requirements for individual EU Member States. Additionally, the PPWR requires a minimum of recycled content in plastic packaging and requires that recycled content recovered from post-consumer plastic waste comply with strict sustainability requirements if recycled in the EU. For plastic content recycled in a third country, recycling operators/installations need to follow the same sustainability criteria as in the EU. The EU has a deadline of December 31, 2026 to establish a methodology for certifying the equivalence of the rules in third countries. The United States also engages the EU as discussion of the legislation progresses through the WTO TBT Committee, especially with regard to the proposed mirror clauses regarding recycled plastic packaging for food contact applications and recycling installations sustainability, which would require U.S. competent authorities to verify that U.S. recycling facilities comply with EU Regulation 2022/1616.

Deforestation-Free Supply Chain Regulation

On June 29, 2023, the EU issued a deforestation-free supply chain regulation (Regulation EU 2023/1115). The regulation aims to curb deforestation and forest degradation linked to European consumption and production of beef, coffee, cocoa, palm oil, soy, wood, rubber, and their derived products (e.g., charcoal, furniture, tires, paper, leather), with potential expansion to other products and ecosystems. U.S. agricultural and commodity stakeholders have raised concerns that due diligence and traceability requirements in the regulation are overly burdensome, given that U.S. products pose negligible risk to deforestation. The EU has refused to notify the regulation to WTO Members or to provide an opportunity for WTO Members and other stakeholders to comment on the regulation. The United States and 22 other WTO Members have raised concerns with the regulation at the WTO TBT Committee and the WTO Council on Trade in Goods, as well as bilaterally in other fora. The United States continues to seek WTO notification of the measure. In August 2025, the EU recognized in the Joint Statement that production of the relevant commodities within the territory of the United States poses negligible risk to global deforestation, and the EU committed to work to address U.S. concerns regarding the regulation.

(For further discussion of the EU's deforestation-free supply chain regulation, see the Environment subsection in the EU Chapter of this NTE Report.)

Eco-Design for Sustainable Products Regulation and the Digital Product Passport

On July 18, 2024, the Eco-design for Sustainable Products Regulation (EU) 2024/1781 entered into force. The regulation establishes an eco-design framework for sustainable products that will require industry to meet new sustainability requirements. The regulation is framework legislation, and the requirements to be

applied to products will be rolled out gradually by the European Commission. Some U.S. stakeholders raised concerns that the regulation will result in the setting of horizontal requirements covering different product groups, thereby failing to account for product specificities. U.S. stakeholders have also argued that the regulation could lead to overlapping or duplicative regulatory measures, particularly with REACH. Additionally, the regulation requires industry to develop and implement a new digital label (known as a Digital Product Passport or DPP) to trace lifecycle information and other aspects of a product in order to inform consumers and help public authorities to better perform checks and controls. Some U.S. stakeholders are concerned that the DPP requirements set unrealistic implementation timelines and do not include sufficient safeguards to prevent the unauthorized disclosure of confidential business information. The United States made multiple requests to the EU to notify the measure to the WTO to allow trading partners the opportunity to provide feedback, but the EU refused to notify.

(Sanitary and phytosanitary concerns with the European Green Deal are discussed in the Sanitary and Phytosanitary Barriers subsection of this NTE Report Chapter.)

Renewable Energy Directive

The EU Renewable Energy Directive (RED) ((EC) 2009/28) requires that biofuels and biofuel feedstocks obtain a “Proof of Sustainability” certification to qualify for tax incentives and national use targets. RED also establishes a methodology and accounting system by which Member States may record and calculate required greenhouse gas emission savings as compared to a baseline for fossil fuels.

In 2018, the European Commission adopted a new Renewable Energy Directive (RED II) for the period 2021 to 2030. RED II entered into force on January 1, 2021, and introduced sustainability requirements for forestry biomass (wood pellets) and biofuels. The European Commission began revisions of RED II in 2022, and the final revisions, resulting in RED version III, were published on October 31, 2023. The revisions to RED II increased the EU’s binding renewable target for 2030 to a minimum of 42.5 percent, up from the prior 32.0 percent target. As of 2026, only 5 of the 27 EU Member States have adopted RED III revisions, meaning requirements can still vary as Member States transpose the regulations into national law. However, the sustainability criteria for biofuels and biomass were not fundamentally changed, which may limit U.S. exports of crop-based biofuels that would otherwise provide viable renewable sources for the EU’s renewable energy targets. The United States exported approximately \$265 million in wood pellets and \$881 million in bioethanol to the EU in 2025.

Sustainable Aviation Fuel

On October 31, 2023, the EU adopted Regulation (EU) 2023/2405 on Sustainable Aviation Fuels (SAF). The Regulation requires aviation fuel suppliers to ensure all aviation fuel made available to aircraft operators at each EU airport contains a progressively increasing minimum share of SAF, including a minimum share of synthetic aviation fuels (renewable fuels of non-biological origin), in accordance with the values and dates of application as listed in the regulation. The European Commission defines SAF as aviation fuels that are either synthetic aviation fuels, recycled carbon aviation fuels, advanced biofuels as listed from feedstock listed in part A and B of Annex IX of RED II, or biofuels produced from feedstock that complies with sustainability and GHG emissions criteria from RED II. Despite meeting the criteria laid out in RED II, the European Commission excludes biofuels produced from food or feed crops from its definition of SAF. Therefore, food and feed crop-based biofuels from the United States cannot count towards the targets set for SAF, which may unnecessarily restrict U.S. exports of aviation biofuels and biofuels feedstock to the EU.

Pesticide Maximum Residue Limits for Environmental Objectives

On February 15, 2023, the EU published Commission Regulation (EU) 2023/334 to reduce maximum residue limits (MRLs) for clothianidin and thiamethoxam to the limit of determination, in an effort to protect pollinators, particularly bees, in countries outside of the EU. The measure would in effect bar all imports of products to the EU that contain any detectable residue of the two widely used pesticides after March 7, 2026.

The United States shares the EU's concerns about pollinator health and is actively working to protect bees and other pollinators in the United States. However, many members of the global scientific and regulatory community have found that complex interactions among multiple factors affect pollinator health, including the health of bees, and that the safe use of the two pesticides may be determined based on local, national, or regional contexts by the appropriate competent authorities. The United States has also raised concerns with the EU that the use of MRLs as an environmental safety management tool could undermine the development and use of international standards for food safety. Given the critical importance of the pesticides identified in the regulation to U.S. agricultural products, the measure appears to pose a significant obstacle to international trade and production of agricultural products. The European Commission intends to consider additional substances under a similar approach. In 2022, 2023, and 2024, the United States raised this issue with the EU at the WTO TBT Committee, WTO Committee on Sanitary and Phytosanitary Measures (WTO SPS Committee), and WTO Council for Trade in Goods. The United States continued to encourage the EU to pursue a collaborative approach to protect pollinators worldwide.

(Other MRL concerns with the European Union are discussed in the Sanitary and Phytosanitary Barriers subsection of this NTE Report Chapter.)

Medical Devices and In-Vitro Diagnostics Regulation

The United States continues to be concerned about the implementation of the Medical Device Regulation (MDR) and the In-Vitro Medical Device Regulation (IVDR), especially the shortage of notified bodies available to assess medical devices and in-vitro medical devices. The ongoing lack of capacity to conduct conformity assessment has led to longer review times, and it remains difficult for some companies, especially small and medium-sized enterprises, to obtain access to reviews. The lengthy review times and lack of access impact the ability of companies to keep legacy devices on the EU market and to bring new devices to healthcare providers and patients.

The United States has repeatedly engaged the EU through the WTO TBT Committee and bilateral discussions around those meetings to seek updates on the implementation of the MDR and IVDR, including the number of qualified notified bodies to perform conformity assessment requirements. On March 20, 2023, Regulation (EU) 2023/607 amending the MDR and IVDR took effect, allowing for staggered and conditional extension of a transition period to the new rules until 2027 or 2028, according to the risk class of the devices.

On July 9, 2024, the EU published Regulation (EU) 2024/1860 amending Regulations (EU) 2017/745 and (EU) 2017/746 regarding a gradual roll-out of the European Database on Medical Devices, which includes an extension to the transitional period for certain in-vitro diagnostics and introduces notification obligations for interruptions in supply.

Automotive Regulations

The EU continues to utilize and encourage the international adoption of its regulatory system for automobiles, which disadvantages U.S.-compliant automotive goods in its market and increasingly in

markets abroad. It also continues to mandate unique automotive requirements where a U.S. equivalent does not exist. U.S. automotive exports are severely disadvantaged in the market unless the EU provides alternatives that U.S. products are able to meet, such as U.S. Federal Automotive Safety Standards and U.S. emissions requirements. For example, the EU’s “Proposal for a Regulation of the European Parliament and of the Council on circularity requirements for vehicle design and on the management of end-of-life vehicles” would mandate unique circularity requirements for vehicle design, labeling, documentation, and declaration requirements, as well as for the management of vehicles at the end of their lifecycle. In December 2025, the European Commission, European Parliament, and the European Council reached an agreement on the proposed measure. The European Parliament and European Council plan to vote on the proposed measure in 2026. Once adopted, the measure will enter into force 20 days after its publication in the EU Official Journal.

Additionally, the EU’s “rules concerning the specific test procedures and technical requirements for the type-approval of heavy-duty motor vehicles with regard to their event data recorder and for the type-approval of those systems” needlessly creates variations between how vehicles comply in the United States versus the EU by ignoring substantive in-market data. U.S. motor vehicles manufacturers would need to make costly modifications in order to comply, despite scientific evidence that supports use of a more flexible international standard. At the United States’ request, the EU agreed to support a modification to the relevant United Nations Economic Commission for Europe standard, which the EU must still implement through a regulatory change to address the issue. The EU informed the United States that the changes to the regulations to remove the barrier will not be implemented until sometime in 2027.

In addition, on November 19, 2025, the European Commission posted on its “Have Your Say” portal that it is updating the Individual Vehicle Approval (IVA) provisions under its Whole Vehicle Type Approval Regulation. The IVA currently provides a pathway for U.S. manufacturers to export a limited number of vehicles that are built to U.S. automotive requirements, including U.S. Federal Motor Vehicle Safety Standards and U.S. emissions standards, to the EU without costly and redundant testing. U.S. industry is concerned that updates to the measure may include new requirements that would mandate that vehicles entering under the IVA provisions meet burdensome and costly EU automotive requirements. The United States has engaged the EU regarding this issue and is closely monitoring the situation for any developments.

Battery Labeling

On December 15, 2025, the EU published a draft implementing regulation to establish the labeling requirements for the 2023 Battery and Battery Waste Regulation (EU 2023/1542). The implementing regulation would require products that contain batteries to meet certain labeling requirements, such as requiring a label on the surface of the battery or, in certain situations, that a quick-response (QR) code be placed on the battery and the requisite information provided in accompanying documentation. U.S. stakeholders have expressed concerns that the requirements are more burdensome than necessary, as the required information could be easily provided through accompanying documentation alone. On December 22, 2025, the EU notified the draft implementing regulation to the WTO TBT Committee, providing WTO members 60 days to provide feedback on the labeling requirements. The United States continues to engage with the EU bilaterally to ensure the final implementing regulation sets requirements that are not more trade restrictive than necessary.

Wine Labeling

On February 23, 2026, the European Council adopted a set of measures to support the EU wine sector, known as the “wine package.” Among its elements is a provision to empower the European Commission to introduce implementing regulations that would harmonize EU wine labeling. Harmonization will help relieve the uncertainty in the European marketplace due to uneven implementation of Regulation (EU)

2021/2117, which introduced a compulsory nutrition declaration and list of ingredients to be displayed on the label of wine products beginning December 8, 2023. The regulation permits producers to provide mandatory lists of ingredients and nutritional information, excluding allergens and energy content, via an electronic label accessed through a QR code on the physical label. U.S. industry reported that several EU Member States had different interpretations of EU guidance published in 2023, particularly around the word or words that must accompany QR codes. U.S. industry raised concerns that the increasingly divergent requirements across Member States may increase burdens and costs for U.S. exporters. There is no specific timeline for the implementing regulations to be issued, and the United States has raised concerns about the extended delay and inconsistent implementation.

The adopted wine package also introduced new terms for wines with reduced alcohol content: “alcohol-free” for products that do not exceed 0.5 percent alcohol content and “reduced alcohol” for products with an alcohol strength above 0.5 percent and at least 30 percent below the minimum actual alcoholic strength of products in the category before de-alcoholization. The United States inquired how these thresholds were determined, given the potential impacts on U.S. products with reduced alcohol. In 2025, the United States exported more than \$160 million of wine to the EU.

Traditional Terms on Wine

The EU continues to restrict the use of “traditional terms,” such as “tawny,” “ruby,” and “chateau,” on labels on imported wine. This restriction impedes U.S. wine exports to the EU, including U.S. wines that include these traditional terms as part of their trademarks. U.S. wines sold under a trademark that includes one of the traditional terms can only be marketed in the EU if the trademark was registered before May 2002.

The EU has not taken any visible steps to address the concerns of the United States and has consistently refused to provide a timeline for review of the applications for the use of terms submitted by U.S. industry.

Beverage Alcohol Labeling

In May 2023, Ireland introduced the Public Health (Alcohol) (Labelling) Regulations, which sets unique health labeling requirements for alcohol being sold in the Irish market. The regulation mandates that all alcohol beverages display warnings on product packaging informing consumers about the risk of consuming alcohol when pregnant and the risk of liver disease and fatal cancers from alcohol consumption. U.S. industry raised concerns that unique labeling requirements for the Irish market, which are in addition to the EU-wide regulations already adhered to by U.S. industry, would be costly and may disrupt U.S. exports within the EU single market. In July 2025, Ireland announced a two-year delay in implementing the labeling requirements. In September 2025, Ireland published a Statutory Instrument to suspend implementation of the labeling requirement until September 3, 2028. As of December 31, 2025, the EU had yet to make progress on its proposal for harmonized warning labels on alcohol beverages.

Sanitary and Phytosanitary Barriers

The United States remains concerned about a number of measures the EU maintains ostensibly for the purposes of food safety and protecting human, animal, or plant life or health. Specifically, the United States is concerned that these measures may unnecessarily restrict trade without furthering safety objectives, because they appear to be applied beyond the extent necessary to protect human, animal, or plant life or health, not based on science, or maintained without sufficient scientific evidence.

Vision for Agriculture and Food

In its Vision for Agriculture and Food, published in February 2025, the European Commission outlined legislative and strategic priorities that may further restrict U.S. exports to the EU. In particular, the European Commission has committed to pursue “stronger alignment of production standards applied to imported products” in areas such as pesticide use and animal welfare. U.S. stakeholders are concerned that potential EU measures may focus on promoting EU production practices that are not appropriate, effective, or efficient in other parts of the world and, if required, could unnecessarily restrict trade or necessitate farmers in the United States and other countries outside the EU to produce crops in less sustainable ways than they otherwise would have, as a precondition for gaining access to the EU market.

Hormones and Beta-Agonists

The EU maintains various measures that impose bans and restrictions on meat produced using hormones, beta-agonists, and other growth promotants approved for use in the United States despite scientific evidence that such meat is safe for consumers. U.S. producers cannot export meat or meat products to the EU unless they participate in a costly and burdensome verification program to ensure that hormones, beta-agonists, or other growth promotants have not been used in their production.

For example, the EU continues to ban the use of ractopamine, a beta-agonist, which promotes leanness and enhances feed utilization by animals raised for meat. The EU maintains this ban even though international standards promulgated by Codex Alimentarius Commission (Codex) have established MRLs for the safe trade in products produced with ractopamine. The Codex MRL was established following a scientific study by the United Nations Food and Agriculture Organization/World Health Organization Joint Expert Committee on Food Additives that found ractopamine at the specified MRL does not have an adverse impact on human health.

In 2019, as part of a compromise solution to the U.S.–EU hormone beef WTO dispute, the United States and the EU concluded an agreement that established a duty-free TRQ for the United States. The agreement went into effect on January 1, 2020, and provided American ranchers an initial TRQ of 18,500 metric tons annually, valued at approximately \$220 million. The TRQ increases annually over a period of seven years, and will reach 35,000 metric tons in 2026, valued at approximately \$420 million. U.S. stakeholders have raised concerns about the requirements of the EU’s residue monitoring program for animal products, and U.S. competent authorities continue to work with their counterparts in the EU to ensure that all requirements are justified based on science and risk and least trade restrictive.

Antimicrobial Resistance and the Restrictions on the Use of Veterinary Medicinal Products

In December 2018, the EU published Regulation (EU) 2019/6 on veterinary medicinal products that seeks to address antimicrobial resistance by more strictly defining the criteria for use of antimicrobial products in animal medicine. Regulation (EU) 2019/6 also identifies a list of products that will be exclusively reserved for human medicine and no longer permitted in agricultural production. Article 118 of the regulation expands these restrictions to operators in third countries, who will be required to ensure that animal products exported to the EU and intended for human consumption do not originate from animals that have been treated with specified antimicrobial medicines reserved for human use or utilized for growth promotion.

The official implementation date for Regulation (EU) 2019/6 and related implementing measures is September 3, 2026.

In February 2024, the EU published Implementing Regulation (EU) 2024/399, which amended model health certificates for entry into the EU of consignments of certain products of animal origin and certain

categories of animals. The amended model health certificates will be utilized by exporting countries. On June 28, 2024, the EU notified the regulation to the WTO SPS Committee (G/SPS/N/EU/778), which included publication of a list of third countries authorized for the entry into the EU of animals and products of animal origin intended for human consumption. Beginning September 3, 2024, two additional animal health attestations are required to be listed on official health certificates but exporting countries will not be required to make the attestations until the regulation is implemented on September 3, 2026.

U.S. stakeholders are concerned about the potential impacts of these EU measures, in particular the attestation requirements on U.S. exports of animal products to the EU once the measures enter into force. U.S. stakeholders have raised concerns about other provisions that are not based on science or risk and instead promote the adoption of EU practices by third countries rather than recognizing the alternative ways that different competent authorities can arrive at the same level of product safety. U.S. stakeholders are also concerned about the EU's prohibition on the use of non-medically important antimicrobials to promote growth and increase yield, as this prohibition does not appear to have a scientific justification and specific food safety concerns have not yet been identified.

Agricultural Biotechnology

Decades of data and experience demonstrate the safety of genetically engineered (GE) crops, in addition to the benefits of their use in reducing pesticide use and impact on non-target organisms, while increasing soil health, crop yields, and farmers' incomes. Despite these benefits, the lack of predictability, excessive data requirements, and delays in the EU's approval process for GE crops have prevented products from being exported to the EU, even though these products have been approved and grown safely in the United States and in other countries for many years.

The United States continues to reiterate concerns with delays in the EU's biotechnology approval procedures under the Genetically Modified Organisms (GMO) Directive ((EC) 2001/18) and to engage the EU in efforts to normalize trade in these products, including through semiannual consultations in accordance with the 2008 decision by the United States and the EU to suspend Article 22.6 arbitration proceedings associated with the WTO dispute settlement proceeding against the European Communities (the EU predecessor entity) regarding the approval of biotechnology products. In 2024, the EU issued five approvals and five renewals for GE crops, compared to eight approvals and five renewals in 2023. While these new authorizations are welcomed, the EU's average approval time for new GE crops in 2023 was approximately four years. In contrast, the EU's own legally prescribed approval time for such products is 12 months (6 months for the review with the European Food Safety Authority (EFSA) and 6 months for the political committee process known as comitology).

As of December 31, 2025, the United States was tracking approximately 30 agricultural biotechnology product applications (including renewals) submitted to the EU, including with respect to corn, soybean, rapeseed, and cotton. Of those applications, 29 were under scientific review by the EFSA and 6 await action by the European Commission through comitology. Delays in both of these stages contribute to increasingly lengthy EU approval timelines.

For example, EFSA continues to demand unnecessary studies while conducting risk assessments, which result in unpredictable delays in issuing final opinions. In comitology, repeated findings of "no opinion" by the relevant Standing Committee on Plants, Animals, Food and Feed also delay the EU from making decisions on GE approvals, by requiring products to go through an additional assessment by an Appeal Committee before receiving a final approval. The United States continues to engage the EU on delays of this nature and urge the EU to address other barriers to trade in biotechnology products. For example, the EU has yet to establish a practical low-level presence policy and instead maintains a 0.1 percent limit for

unapproved biotechnology traits in feed shipments, which is not commercially feasible and disrupts trade in products that have otherwise passed U.S. safety assessments.

Following two years of consultations and evaluations, the European Commission introduced its proposal for regulating plants derived from new genomic techniques (NGTs) on July 5, 2023. On December 4, 2025, the European Parliament and the European Council reached a provisional political agreement on the proposed regulation, with formal adoption and publication in the EU Official Journal expected in 2026 and application two years after publication. The new regulation would establish two regulatory pathways: Category 1 NGT plants, equivalent to conventional plants, and Category 2 NGT plants, which remain subject to existing GMO legislation requirements, including optional EU Member State prohibitions on cultivation (*see below*). Until this final proposal is adopted, genome-edited products in the EU will continue to be regulated under the GMO Directive, regardless of their risk levels.

Member State Measures on Agriculture Biotechnology

In March 2015, the EU adopted a directive allowing Member States to prohibit the cultivation of GE plants in their respective territories for non-scientific reasons (Directive (EU) 2015/412). Under the transitional measures, Member States had until October 2015 to request exemption from the geographical scope of the authorizations already granted or that were under regulatory review for EU cultivation approval. Eighteen Member States “opted-out” of GE crop cultivation for all or part of their territories, and none of the five Member States (the Czech Republic, Portugal, Romania, Slovakia, and Spain) that grew GE corn opted out. However, as of December 31, 2025, only Portugal and Spain commercially cultivated GE corn, with Spain representing about 99 percent of the EU’s total GE crops area.

Seventeen Member States have opted out of cultivation using biotechnology seeds. The 17 Member States that requested exclusion of their entire territory from the geographical scope of biotechnology applications are Austria, Bulgaria, Croatia, Cyprus, Denmark, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, and Slovenia. Additionally, Wallonia, a region in Belgium, has also opted out of cultivation. All of these Member States and regions have decided to prohibit the cultivation of Monsanto 810 corn (MON810) and the seven varieties of corn that were submitted for EU-wide approval in 2015 (apart from Denmark and Luxembourg, which have only prohibited MON810 and three of the seven varieties of corn that were submitted for EU-wide approval).

European Union Fumigation Requirements for Hardwood Lumber and Logs

The EU previously prohibited the use of methyl bromide to fumigate logs and wood chips imports. Fumigation with sulfuryl fluoride is considered an equally effective substitute and is used throughout the EU, including for EU log exports. Under a systems approach, the EU approved the use of sulfuryl fluoride for certain U.S. log exports in 2023, and completed a scientific review on its use for U.S. pine wood chips on January 19, 2025. Until final approval by EU Member States of the systems approach, U.S. exporters of pine wood chips are left without a commercially viable fumigation option. Heat treatment, which is the EU alternative to fumigation, is not scalable in many instances.

Pathogen Reduction Treatments

The EU maintains measures that prohibit the use of any substance other than water to remove contamination from animal products unless the substance has been approved by the European Commission. These measures significantly affect U.S. exports of beef, pork, and poultry to the EU because the European Commission has failed to approve several pathogen reduction treatments (PRTs) that have been approved for use in the United States. PRTs are rinses used to kill microbial pathogens that commonly exist on meat

after slaughter. The PRTs at issue have been approved by the U.S. Department of Agriculture (USDA) after establishing their safety on the basis of scientific evidence.

In March 2017, the National Pork Producers Council submitted an application to the European Commission for the approval of two organic acids, lactic and acetic, for use on pork. The application was submitted to EFSA by the European Commission in September 2017. EFSA published its evaluation in December 2018, confirming the safety of the use of acetic acid and lactic acid in pork processing. As of December 31, 2025, the European Commission has taken no action for the approval of pork PRTs.

The United States maintains that the use of PRTs is a critical tool during meat processing that helps further the safety of products being placed on the market. The United States has engaged the EU to share scientific data regarding the safe use of PRTs and will continue to engage the EU regarding the approval of PRTs for beef, pork, and poultry as an effective tool to improve food safety.

Certification Requirements

Since January 2022, the EU has published at least 15 versions of the health certificate it requires for U.S. agricultural exports of fish, meat, dairy, eggs, processed products, and animal byproducts. U.S. exporters are concerned about exporting products of animal and animal origin to the EU market and to third country markets that require transit through the EU because of the unpredictability of health certificate requirements. Differing interpretations of requirements among EU Member States adds to this uncertainty. The EU is contemplating the addition of attestations related to animal welfare, which may further complicate this issue.

The EU has not provided scientific evidence to justify its certification requirements and subsequent modifications. The certification requirements also are enforced irrespective of whether these goods are destined for commercial sale in the EU or transiting through the EU. The EU's requirements often appear to have been established without scientific evidence, a risk assessment, or consideration of Codex guidance on certifications, the latter of which recommend that official certificates require only the minimum amount of information necessary to meet the objectives of the country's food safety system. Moreover, the EU's changes to certificates are increasingly frequent, complex, and instituted through updates to multiple EU implementing or delegating regulations, making compliance difficult for manufacturers, exporters, foreign competent authorities, and EU importers. Certificates based on the standardized templates published in EU regulations are a condition for trade, but it is increasingly difficult for U.S. regulators to issue the required EU certificates. Differences in interpretation of EU legislation by Member State authorities also create legal uncertainty and often result in trade disruptions, creating additional burden for U.S. exporters.

On September 15, 2022, the EU adopted Regulation (EU) 2022/1616 on recycled plastic materials and articles intended to come into contact with foods, which entered into force on October 10, 2024. Article 27 of the regulation requires the competent authority in the country where a recycler of food-contact plastic is located to verify that the recycler's food safety controls are in compliance with EU requirements and to perform facility audits. Article 27 of the regulation also requires that the competent authority receive from the recycler a compliance monitoring summary sheet and verify that the information complies with EU regulations. The EU has rejected existing risk management systems implemented by component authorities in exporting countries, such as the U.S. Department of Health and Human Services Food and Drug Administration's (FDA's) "No Objection Letter," as potentially trade-facilitative alternatives. This regulation raises concerns with the jurisdictional precedence of an EU requirement to be verified by a non-EU competent authority and the lack of third-party conformity assessment options.

Titanium Dioxide

In November 2021, the European Commission published European Commission Implementing Regulation (EU) 2021/2090 in the EU Official Journal denying the authorization of titanium dioxide (E171) as a feed additive for all animal species. Following this action, Regulation (EU) 2022/63 prohibited titanium dioxide (E171) as a food additive in the EU as of August 7, 2022. The regulation includes a commitment to review the necessity to maintain or delete titanium dioxide from the EU list of food additives for exclusive use as a color in medicinal products. The European Commission originally tasked the European Medicines Agency with reviewing the situation by April 2024, although the results of the review are still not publicly available. In August 2025, the European Commission issued a Staff Working Document allowing titanium dioxide to remain in medicines, but reiterating the Regulation (EU) 2022/63 call on the pharmaceutical industry to accelerate research and development for alternatives to titanium dioxide in both new and previously authorized products.

Animal Byproducts, Including Tallow

The EU considers all animal byproducts sourced from animals raised under conditions not essentially identical to those in the EU to be hazardous materials. The current EU interpretation of the animal byproducts regulations prevents most exports of U.S. animal byproducts, and several Member State border inspection posts have blocked consignments of various technical blood products.

The United States has requested that tallow be allowed entry into the EU for any purpose without verification other than that the tallow and derivatives made from the tallow contain no more than a maximum level of insoluble impurities consistent with the internationally recognized standard for trade in tallow and with World Organization for Animal Health (WOAH) recommendations but, to date, the EU has maintained its regulatory approach.

Live Cattle

Live cattle from the United States are not authorized to be exported to the EU, or transited through the EU en route to third countries, due to EU certification requirements for several bovine diseases. U.S. exports remain blocked because the United States and EU have not agreed on the conditions and format for an export certificate. The EU implemented new animal health laws in 2021, and the USDA Animal and Plant Health Inspection Service continues to explore alternative solutions, particularly with regard to a mutually acceptable animal health certificate, to resolve the issue of market access to the EU for live cattle.

Trade in Raw and Processed Shellfish

In February 2022, the EU determined the U.S. food safety system for raw bivalve mollusks (shellfish) to be equivalent to the EU's food safety system for these products. At the same time, the U.S. FDA found two EU Member States to be operating a food safety system for shellfish to be equivalent to the U.S. food safety system. Trade was reopened for two U.S. states (Massachusetts and Washington) and opened for two EU Member States (Spain and the Netherlands), with an agreed mechanism for expediting the consideration of additional U.S. states and EU Member States. In April 2022, the United States sent dossiers for Connecticut, Maine, and Rhode Island seeking to export raw product to the EU. Although the EU committed to expedited reviews of the U.S. states' dossiers, as of December 31, 2025, the EU has not granted market access despite completing review of all three states' dossiers.

Processed shellfish from the United States is not currently authorized to be exported to the EU. The EU requires a determination of equivalence for processed shellfish, a level of control for a processed product that has not been supported by science-based risk assessment. The European Directorate-General for Health

and Food Safety (DG SANTE) conducted an audit in November 2022, to evaluate whether U.S. controls to deliver and certify processed bivalve shellfish were compliant with U.S. food safety requirements and regulations. Following the audit, the U.S. FDA and U.S. Department of Commerce National Oceanic and Atmospheric Administration (NOAA) identified sections of the audit report that were incorrect or inaccurate and required editing to reflect a correct understanding of the U.S. national control system for processed bivalve shellfish. The Office of the United States Trade Representative (USTR), U.S. FDA, and NOAA continue to engage with DG SANTE in order to make progress on this issue.

U.S. stakeholders have expressed an interest in exporting to the EU raw and processed bivalve molluscan shellfish harvested from states with *Vibrio vulnificus* control plans. Historically, DG SANTE has excluded states with *Vibrio vulnificus* control plans from eligibility for inclusion on the list of countries that can export bivalve mollusks to the EU. In July 2025, the U.S. FDA requested that DG SANTE grant market access for species of shellfish (e.g., clams) that are not subject to *Vibrio vulnificus* control plans from those states. As of December 31, 2025, the U.S. FDA had not received a response, and the United States will continue to monitor the progress of these technical engagements with the goal of securing additional market access for U.S. shellfish producers.

Specified Risk Materials Certification Requirement

The EU has a different definition of specified risk materials (SRM) from the United States for the animal tissues most at risk of harboring the transmissible spongiform encephalopathies (BSE). The EU requires that materials exported to the EU meet the EU's SRM definition and be derived from carcasses of animals that can be confirmed as never having been outside of regions that the EU considers to be of negligible risk for BSE. Although WOAHP has recognized the United States as having negligible risk, the source cattle for U.S. ruminant origin animal byproduct exports may not necessarily come from negligible risk countries. The EU SRM requirement unnecessarily impedes U.S. exports of ruminant origin animal byproducts considered safe in the United States and would potentially limit the market for ovine/caprine byproducts were other market impediments removed.

The SRM requirement otherwise has not been an issue for bovine meat for human consumption, because the special EU-required production controls in the non-hormone-treated cattle program already provide the necessary verifications regarding the history of the animal. The EU's "born and raised" BSE requirement is based on its non-recognition of WOAHP animal disease status for the United States and is related to animal health versus the origin of the products. Consistent with the recommendations of WOAHP, it is the BSE status of the country of export that should determine whether SRMs have to be removed. The United States continues to raise this issue in appropriate fora, including bilateral technical working groups, and has requested the removal of the EU's SRM requirement for all relevant U.S. commodities.

Hazard-Based Cutoff Criteria for Agricultural Chemicals

Active substances can only be approved for use in crop protection products in the EU if they fulfill the approval criteria established in Regulation (EC) 1107/2009. Under this regulation, the EU's determination includes hazard-based "cutoff" criteria that exclude certain categories of products from consideration for normal authorization for use in the EU. In instances where an active substance triggers the cut-off criteria, the EU regulatory process allows for an active substance to remain unapproved, regardless of risk of exposure. For such products, the EU does not complete a risk assessment. Rather, the EU discontinues authorization for a particular product at the time of reapproval, as has happened for an increasing number of substances. The EU has also been taking a "hazard-based approach" to new products, declaring them to be ineligible for authorization based solely on the intrinsic properties of the product, without taking important risk factors such as level of exposure or dosage into account. The United States is concerned that

an increasing number of safe and widely-used substances are not being reapproved or having reasonable import tolerances set for their use, due to these arbitrary cut-off criteria when current registrations expire.

Categorization of Compounds as Endocrine Disruptors

One category of crop protection products subject to the hazard-based approach set out in Regulation (EC) 1107/2009 are substances classified as endocrine disruptors (EDs). EDs are naturally occurring or man-made substances that may mimic or interfere with hormone functions. The United States evaluates possible endocrine effects associated with the use of certain chemicals to ensure protection of public health and the environment. In contrast, the EU established an approach to regulating these compounds that appears not to be based on scientific principles or is maintained without scientific evidence.

The scope of trade effects of Regulation (EC) 1107/2009 is broad and overlaps with that of the other hazard criteria and environmental criteria the EU uses in regulating pesticides. The EU obscures its hazard-based decisions with onerous data requirements that allow the European Commission to claim an inability to measure risk. The United States continues to monitor this issue and raise concerns in international and bilateral fora.

Pesticide Maximum Residue Limits

Maximum residue limits (MRLs) and import tolerances are established under legislation, Regulation (EC) 396/2005, which, unlike Regulation (EC) 1107/2009, is risk-based rather than hazard-based. However, for active substances that are not approved due to the EU's cut-off criteria under Regulation (EC) 1107/2009, the EU may withdraw MRLs established under Regulation (EC) 396/2005 and reduce import tolerances to the default level of 0.01 mg/kg. The EU conducted an evaluation of existing legislation on plant protection products and pesticide residues through the Regulatory Fitness and Performance process. As the number of substances ineligible for reauthorization by the EU increases, and as the EU reduces the corresponding MRLs and import tolerances to the default level, the significant negative effect on agricultural production and trade is likely to increase.

The EU regulations also establish transitional periods to allow producers to adjust to changes in EU MRLs, although the transition periods established by the EU are generally not long enough to avoid trade disruption. For many products, there may be a gap of several years between pesticide application and when a final product is offered for sale, creating a situation where products that are compliant with EU MRLs at the time of production do not have time to clear the channels of trade. EU products, on the other hand, appear to remain available for sale as long as they are produced prior to MRLs changing.

The United States has raised concerns over the EU's policy approaches for years and continues to engage on these issues in the WTO SPS Committee. The United States is also monitoring the EU's actions with regard to evaluating and establishing import tolerances for active substances, which have the potential to create further trade disruptions when MRLs are set at levels that are lower than necessary to protect human health and are unnecessarily burdensome for trade. In particular, on December 16, 2025, as part of the European Commission's Vision for Agriculture and Food, the Commission published a proposed "omnibus" regulation that would, among other things, change Regulation (EC) 396/2005 by eliminating pesticide residue import tolerances on imported products for pesticides that are banned for use in the EU for health and environmental reasons. Following the completion of an impact assessment, initiated by the European Commission's Joint Research Centre in November 2025, the Commission may propose further legislative changes to set MRLs for non-approved pesticides at the "limit of quantification," which would effectively eliminate all current import tolerances.

GOVERNMENT PROCUREMENT

Government procurement is governed by the EU public procurement directives. One of these is the directive on procurement in the utilities sector, which covers purchases in the water, transportation, energy, and postal sectors. This directive requires open and competitive bidding procedures but gives EU Member States the option to reject bids with less than 50 percent EU content for tenders that are not covered by a multilateral or bilateral reciprocal procurement agreement. The EU content requirement applies to foreign suppliers of goods and services in water (the production, transport, and distribution of drinking water), energy (gas and heat), urban transport (urban rail, automated systems, trams, and buses), and postal services.

The EU is a Party to the World Trade Organization Agreement on Government Procurement (GPA).

Member State Measures on Public Procurement

Lack of transparency in certain Member States' public procurement processes continues to be a barrier to the participation of U.S. firms. U.S. firms have also voiced concerns over onerous documentation requirements and implicit biases in favor of local vendors and other suppliers based on lowest cost instead of the full lifecycle of the procurement. Additional Member State-specific trade barriers to U.S. stakeholder participation in public procurement processes are discussed below.

- *Bulgaria:* U.S. companies have described pressure to enter unnecessary and unprofitable joint ventures with local firms that lack relevant project expertise as a precondition to finalize a U.S. company's otherwise competitive tender.
- *Croatia:* U.S. companies have complained about instances in which technical specifications and scoring in public procurement tenders appear to favor a specific bidder, typically a local or other Member State supplier, thus impacting the participation of competitive U.S. firms.
- *Greece:* U.S. firms have complained that Greece often requires suppliers to source services and production locally or partner with Greek manufacturers as a condition for awarding some defense contracts. Additional complaints center on onerous certification and documentation requirements for foreign firms. These requirements have impeded the ability of U.S. firms to compete on a level playing field and engage in foreign military sales and public procurement processes in Greece. U.S. firms have also raised concerns over the use of "lowest cost" criteria as the primary determination for awarding contracts and have raised concern over instances when technical specifications and scoring in public procurement tenders appeared to favor a specific bidder. U.S. firms have cited numerous examples of non-transparent procurement processes in defense procurement.
- *Hungary:* Some U.S. companies have expressed concerns that public procurements in Hungary have not always been transparent and can favor either local or other non-EU countries, including China. In particular, concerns have been expressed about Hungary's occasional use of direct award and negotiated procedures. Hungary has launched multiple initiatives in recent years to combat alleged corruption in the public procurement system. In particular, Hungary adopted a comprehensive action plan in 2023 to increase the level of competition in public procurement. Most of the measures to foster competition have been completed and the 2025 revision introduced six additional measures.
- *Lithuania and Portugal:* U.S. firms have raised concerns over Lithuania's and Portugal's use of "lowest cost" criteria as the primary determination for awarding contracts. Although EU law allows for consideration of factors such as quality, company reputation, and prior experience in the

decision-making criteria, “lowest cost” bidding continues to be a common practice in these two countries.

- *Slovakia*: The excessive length and complexity of tender verification and appeal procedures remains an impediment to the widest possible participation of potential bidders. Lock-in contracts in which the Slovak Government commits to procure a basic service and subsequently expands the contract to include additional services continue to hamper the access of U.S. firms to public procurement, especially with regard to information technology services.
- *Slovenia*: U.S. firms report instances of tendering documentation that provide unfair advantages to favored vendors, typically an EU company, opacity in the bid evaluation process, and opacity in the resolution of procurement disputes as major impediments. When U.S. companies have alleged improprieties in the procurement process, Slovenian authorities have directed them to the National Revision Commission, which reviews all disputed public procurement cases.

Proposed European Union Cybersecurity Certification Scheme for Cloud Services

In 2022, the European Commission proposed a cyber security certification scheme for cloud services (EUCS), which has been under discussion between cybersecurity security experts of the EU Member States, the European Commission, and the European Union Agency for Cybersecurity. Although discussions have not advanced, EUCS is expected to be mandatory for parts of the public sector, and possibly select private sector, cloud services. Although the last EUCS draft that is publicly available eliminates the sovereignty criteria and the requirement of data storage in the EU as necessary to be certified at the highest level of cybersecurity, these changes faced opposition from the French data protection authority, the Commission Nationale de l’Informatique et des Libertés, and the French parliamentary Committee for Digital Postal Affairs. France is expected to advocate for stricter requirements in future debates within the EU. The EU covers cloud services in their GPA schedule and is required to offer non-discriminatory access to U.S. and other GPA suppliers for covered procurements. The United States has presented its concerns about these policies in the WTO Committee on Government Procurement and in bilateral meetings with EU officials and will continue to monitor developments related to EUCS.

Member State Measures on Cloud Services

- *France*: France’s national digital security agency, Agence Nationale de la Sécurité des Systèmes d’Information (ANSSI), maintains a security qualification scheme for cloud services, commonly referred to as SecNumCloud. In May 2021, the French Government issued a strategy for the use of cloud computing by the state (Trusted Cloud strategy), requiring that government agencies and commercial entities considered “critical” select only cloud services vendors with the SecNumCloud qualification adequate to handle their highly sensitive data. As part of this strategy, in March 2022, ANSSI published a revision to the SecNumCloud requirements. This revision requires that any cloud provider that handles “highly sensitive” data be at least 61 percent EU-owned and “immune” from non-EU laws. France’s Prime Minister signed an official circular on May 31, 2023, defining the “sensitive data” to which SecNumCloud certification requirements apply. The vague definition of “sensitive data” in that circular could lead foreign cloud services suppliers to be increasingly precluded from providing cloud services to French public authorities.
- *Hungary*: State and local government bodies and organizations are only allowed to process data in systems operated in the territory of Hungary. Electronic information systems can only be hosted in EU Member States for organizations providing services deemed critical, which include energy, transportation, agriculture, and health industries.

European Union Defense Procurement

European Defence Investment Programme

On December 8, 2025, the EU adopted the European Defence Investment Programme (EDIP), which supports Europe's defense industrial base. Despite U.S. Government engagement with EU counterparts, the EDIP includes numerous "buy European" provisions that prevent EU Member States from using these funds to purchase defense equipment made in the United States. These measures include content requirements that mandate at least 65 percent of the value of EDIP-funded projects accrue to EU firms. The measures also include rules governing "design authority" that require control over intellectual property configuration, and export decisions reside wholly within an EU established and controlled entity.

U.S. defense equipment suppliers have expressed significant concerns about "design authority" requirements, arguing that they structurally sideline U.S. suppliers. Also, suppliers raise concerns that "design authority" requirements could have a potential negative impact on U.S. domestic manufacturing and U.S. investment opportunities in the European defense sector and could harm European small and medium-sized enterprises that seek to grow but depend on U.S.-made components. The EU covers non-sensitive defense procurements in its international procurement obligations in the GPA. A limited number of EU Member States cover all defense procurements in Reciprocal Defense Procurement (RDP) agreements with the United States, administered by the U.S. Department of War. These EU Member States therefore are required to offer reciprocal non-discriminatory access to U.S. goods, services, and suppliers for covered defense procurements. The United States will continue to closely monitor the implementation of EDIP and other EU-funded defense procurement legislation to ensure EU procurement continues to be implemented consistently with international procurement obligations, including RDP agreements.

Security Action for Europe Regulation

On May 27, 2025, the European Council enacted the "Security Action for Europe (SAFE)" regulation to help EU Member States finance critical defense equipment, including munitions, artillery systems, air and missile defense, ground combat systems, cyber capabilities, and military mobility. SAFE establishes a €150 billion (approximately \$167 billion) loan facility managed by the European Commission, enabling Member States to fund their defense procurements. SAFE is not a grant program and is set to conclude in 2030.

However, the European Council imposed three significant requirements on Member States seeking SAFE financing:

Eligible Suppliers: Member States may only use SAFE loans to purchase defense products from companies established and headquartered in the EU, European Economic Area-European Free Trade Association countries, or Ukraine.

European Content: Products procured through SAFE must contain at least 65 percent European content. Non-EU content, including U.S. components, is capped at 35 percent unless the supplier's country has a security and defense partnership agreement with the EU.

Design Autonomy: For "complex equipment," contractors must meet strict requirements ensuring complete design autonomy to prevent third-country restrictions on the use or modification of the equipment.

These requirements effectively bar EU Member States from using SAFE loans to purchase systems with significant U.S. content, regardless of operational needs. The United States will monitor the

implementation of SAFE to assess whether EU Member States shift potential procurements from U.S. suppliers to European ones. A key concern is that the EU may extend SAFE's restrictive provisions to other procurement legislation. In such cases, the United States intends to engage with EU institutions to advocate for amendments that allow American firms to compete for these procurements.

Defense Omnibus

On June 17, 2025, the European Commission unveiled the Defense Readiness Omnibus (DRO), a comprehensive package of legislative and non-legislative proposals designed to streamline regulations affecting the European defense industry and facilitate up to €800 billion (approximately \$889 billion) in sector investment. The proposed changes aim to simplify procurement procedures, reduce administrative burdens (*e.g.*, internal controls on the movement of military products within Europe), and grant Member States greater flexibility in acquiring military equipment.

A central element of the DRO is a proposal to revise the Defense Procurement Directive (DPD) (Directive 2009/81/EC). As of December 31, 2025, the European Commission was holding a public consultation on this prospective revision. The terms of reference of the consultation notice identify strengthening the “technological autonomy” of the European defense industrial base as a policy objective for the new DPD. The proposed revisions favor “buy European” approaches, effectively excluding U.S. entities from certain defense procurement opportunities.

As of December 31, 2025, the European Parliament and Council were looking at non-procurement-related legislation in the DRO, but had not yet initiated their review of the DPD. Once they do, the United States intends to engage with EU institutions to advocate for amendments that allow U.S. firms to compete for these procurements.

INTELLECTUAL PROPERTY PROTECTION

On December 11, 2025, the European Parliament and the European Council reached a provisional agreement on the European Union's General Pharmaceutical Legislation (GPL). The provisional agreement will have to be endorsed by both institutions, before being formally adopted and entering into force upon publication in the European Union's Official Journal. The United States is concerned with the reduction of regulatory data protection (RDP) with potential restoration of the term tied to market entry conditions that are beyond an innovative pharmaceutical company's control or otherwise unreasonable for developed country markets. The proposal also expands the scope of the “*Bolar* exemption” to patent rights to include commercial activities that could undermine a patent owner's established patent rights in the EU. The United States is closely monitoring developments.

As part of the European Commission's Digital Single Market Strategy, the Directive on Copyright in the Digital Single Market (Copyright Directive) went into effect in June 2019, with the stated goal of addressing legal uncertainty for both right holders and users with regard to certain uses of copyright-protected works and other subject matter in the digital environment. Some stakeholders report that certain Member States' transposition of the Copyright Directive weakens copyright protection. The United States continues to follow copyright issues in the EU and its Member States and will continue to engage with various EU entities as appropriate to address U.S. stakeholder equities.

The Digital Services Act (DSA) entered into force on November 16, 2022. The DSA is intended to regulate certain online services, including through rules for how content is shared online. U.S. stakeholders have expressed concerns that the DSA's adoption of a framework for limitations of liability included modifications to the eligibility threshold and conditions that had been set in the E-Commerce Directive,

which may adversely impact their intellectual property (IP) rights, in particular for copyright and trademarks.

The Data Act entered into force on January 11, 2024, and seeks to maximize the value of data and promoting innovation by increasing the transfer of data that is stored within devices and applications. The Data Act requires the disclosure and making available of data that may be protected by the data holder's or a third party's trade secrets, copyright, or other IP. The United States is closely following developments concerning the EU efforts to simplify existing EU digital laws, including the EU Digital Omnibus published on November 19, 2025. In particular, the EU Digital Omnibus features proposed amendments to the Data Act, potentially strengthening trade secrets protection in that context.

The Artificial Intelligence (AI) Act entered into force on August 1, 2024, with various obligations applying at later stages. It aims to provide a risk-based approach to regulating the development, deployment, and use of AI-driven products, services, and systems. Stakeholders have concerns regarding the implementation of the Act related to source code, trade secrets, and copyright protection, including the requirement to comply with EU copyright law. The United States will continue to monitor its developments.

In response to the Court of Justice of the European Union's (CJEU's) judgment in Recorded Artists Actors Performers (RAAP), the European Commission on September 11, 2023, opened a consultation on the conditions for remuneration of music performers and record producers from non-EU countries for recorded music played in the EU. The CJEU held that all sound recording producers and performers from contracting parties to the World Intellectual Property Organization (WIPO) Performances and Phonograms Treaty (WPPT) are entitled to equitable remuneration. U.S. stakeholders remain concerned about possible legislative changes reversing the CJEU holding so that EU Member States will withhold royalties to U.S. producers and performers.

The United States remains concerned by the EU's overbroad protection of geographical indications (GIs), which adversely impacts both protection of U.S. trademarks and market access for U.S. products that use common names in the EU and third-country markets. For example, Regulation (EU) 2024/1143 contains numerous problematic provisions governing the scope of protection and enforcement of Protected Designations of Origin (PDOs) and Protected Geographical Indications (PGIs), including expansive rules about evocation, extension, co-existence, and translation, among others. These troubling provisions not only adversely affect trademark rights and the ability to use common names, but also undermine access to the EU market for U.S. right holders and producers. In addition, the EU has granted GI protection to thousands of terms that limits use in the EU market to only certain EU producers; the use of any term that even "evokes" a GI is also blocked. Despite this level of protection afforded to products sold within the EU, it appears that some producers in Member States continue to produce products featuring terms that are protected as GIs in other Member States and then export these products outside the EU. The EU has also granted GI protection to the cheese names "Danbo" and "Havarti," widely traded cheeses that are covered by international standards under the Codex Alimentarius. Several countries, including the United States, opposed GI protection of these common names both during the EU's opposition period and at the World Trade Organization, but the European Commission granted the protection over that opposition and without sufficient explanation to interested parties.

Regulation (EU) 2024/1143 also serves as the basis for the EU's international GI agenda, which includes requiring EU trading partners to protect and enforce specific EU GIs in their markets, often with only limited due process requirements to safeguard existing producers, right holders, consumers, importers, and other interested parties.

The United States continues to have concerns about the EU's GI regulations and proposals, and monitors carefully their implementation and effects on bilateral trade. The United States is also concerned about

Regulation (EU) 2023/2411, which went into effect on December 1, 2025, and expands the scope of GI protection to craft and industrial products. The United States also does not believe that the EU should bargain for specific GI recognition in its bilateral trade agreements in return for market access, because such IP rights should be evaluated independently on their merits, based on the unique circumstances of each jurisdiction. Similarly, the United States is concerned by the EU's attempts to restrict common terms for wine in third-country markets. The United States is carefully monitoring the EU's GI regulations and proposals as well as the implementation and effects of these regulations and proposals on bilateral trade.

The United States remains very concerned by the conduct and outcome of the 2015 WIPO negotiations to expand the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration to include GIs. Of particular concern to the United States was the manner of engagement in these negotiations by the European Commission and by several EU Member States, including the Czech Republic, France, Greece, Italy, and Portugal, which took precedent-setting steps to deny the United States and the vast majority of WIPO full negotiating rights and depart from longstanding WIPO practice regarding consensus-based decision-making. Likewise, the resulting text—the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications—raises numerous and serious legal and commercial concerns, including with respect to the degree of inconsistency with the trademark systems of many WIPO countries, and could have significant negative commercial consequences for trademark holders and U.S. exporters that use common terms. The EU became a party to this Agreement in November 2019. The Agreement entered into force in February 2020.

Member State Measures on Intellectual Property

Although Member States generally maintain high levels of IP protection and enforcement, the United States remains concerned about the IP practices of several countries. The United States actively engages with the relevant authorities in these countries and will continue to monitor the adequacy and effectiveness of IP protection and enforcement, including through the annual Special 301 review process. The United States is particularly concerned about counterfeit pharmaceuticals and personal protective equipment.

- *Belgium:* Stakeholders are critical of Belgium's enforcement efforts and state they are reactive and focus on detection rather than prevention. As a result, many right holders are dissuaded from enforcing their rights due to high-cost recovery and legal barriers, such as the burden of proof for commercial activity.
- *Bulgaria:* Bulgaria remained on the Watch List of the [2025 Special 301 Report](#). In 2023, Bulgaria took an important step to address deficiencies in its investigation and prosecution of online piracy cases by passing the Act Amending and Supplementing the Criminal Code, which is intended to improve the investigation and prosecution of online piracy cases. There have since been some positive developments. In January 2026, Bulgarian law enforcement seized the 5 most popular Bulgarian piracy domains (one of which was often among the 10 most visited domains in the country), executed search and seizure warrants at 30 locations, and arrested several individuals. Three of these individuals have been charged using the new anti-piracy statutes. The United States will monitor for further developments.
- *Germany:* The 2021 transposition of the Digital Single Market Copyright Directive (DSM) into German law introduced broad new exceptions for uses of copyright-protected works on online content sharing platforms. Stakeholders, including U.S. right holders, have expressed concerns that these measures weaken copyright protection and place unreasonable restrictions on freedom of contract, particularly regarding the implementation of Article 17 of the DSM, which mandates direct remuneration claims for authors and related rights owners through collective management. As of December 31, 2025, the German Federal Constitutional Court had not found the

implementation unconstitutional, and the legal framework—including controversial upload filter requirements—remains in force. Recent legal disputes have focused on the application of copyright exceptions to artificial intelligence (AI), with German courts ruling that the reproduction of nearly identical song lyrics by AI models infringes the copyright in said lyrics and is not covered by text and data mining exceptions. U.S. stakeholders also continue to raise concerns about the adequacy of Germany’s technological protection measures and the breadth of its private copy exception.

- *Poland:* Some stakeholders continued to identify copyright piracy online as a concern in Poland and some claimed inconsistent enforcement on the part of law enforcement and backlogs in the Polish courts. Specialized IP courts have been introduced, but they have not brought about the expected improvement. Some stakeholders also expressed concern about access to counterfeit products. Interlocutors in the Polish Digital and Culture Ministries have identified online piracy and illegal streaming as enforcement priorities in bilateral meetings with U.S. Government representatives.
- *Romania:* Online piracy remains a concern with some notorious online pirate sites reportedly hosted or registered in Romania. Low penalties for IP violations impede investigations and do not offer any meaningful deterrent to further IP crimes, so law enforcement often combine investigations of significant IP crime cases with other economic crimes with steeper penalties, such as money laundering or tax evasion, to allow more sophisticated investigative measures to be used to capture the full scope of criminal activity. Romania lacks an effective and timely mechanism for right holders to submit takedown requests against online markets and hosting platforms for infringing material. Romania needs adequate resources, including additional training for law enforcement, and legislative reforms to increase penalties and allow for use of special investigative measures in IP cases to enhance enforcement quality. Although Romania has made progress on addressing long-standing IP protection and enforcement concerns, the United States continues to closely follow IP-related developments in the country.

SERVICES BARRIERS

Audiovisual Services

In 2018, amendments to the 2007 Audiovisual Media Services Directive (AVMSD) were adopted to reflect developments in the audiovisual and video-on-demand (VOD) markets. Member States were given 21 months to transpose the amendments into national legislation.

The original AVMSD established minimum content quotas for broadcasting that had to be enforced by all Member States. Member State requirements were permitted to exceed this minimum quota for EU content, and several have done so. However, the original AVMSD did not set any strict content quotas for on-demand services, although it still required Member States to ensure that on-demand services encourage production of, and access to, “EU works.”

The 2018 amendments include provisions that impose on Internet-based VOD providers a minimum 30 percent threshold for EU content in their catalogues and require that they give prominence to EU content in their offerings. The new AVMSD also provides Member States the option of requiring VOD service providers not based in their territory, but whose targeted audience is in their territory, to contribute financially to EU works, based on revenues generated in that Member State. In addition, the new rules extend the scope of the AVMSD to video-sharing platforms that tag and organize content.

Member State Measures on Audiovisual Services

A number of Member States maintain measures that affect trade in audiovisual services, including local content quotas for cinemas and television broadcasting. However, the target of most new restrictions is VOD services, including streaming services. Summaries of some of the more significant national practices affecting VOD services follows.

Belgium: In the Wallonia-Brussels Federation, VOD service providers must invest a percentage of revenue into regional audiovisual works or pay a levy to the region's Cinema and Audiovisual Centre. In 2024, the mandatory contribution for the largest service suppliers increased to 9.5 percent of revenue. Additionally in 2024, the Flemish Parliament enacted a law increasing the investment obligation on VOD service providers from two percent to up to four percent, accompanied by additional restrictions relating to intellectual property ownership limitations.

Denmark: The Danish Government enacted a law in January 2025, that requires streaming service providers to pay a 2 percent levy on their Danish revenue, with the first payments due in March 2025, and either invest at least 5 percent of Danish revenue in Danish content or, if they do not meet that investment threshold, pay an additional 3 percent levy on their revenue in Denmark from audiovisual content. The levy will be used to fund the local film and television industry and be administered by the Danish Film Institute.

France: France requires VOD service providers to reserve at least 60 percent of their catalogue for European works (exceeding the AVMSD) and at least 40 percent for French works. France further imposes on VOD service providers an obligation to invest up to 25 percent of their net annual French revenues on European or French language content, with a range of additional applicable sub-quotas, including that at least two-thirds of the investment obligation must be spent on commissioned independent productions and at least 85 percent must be spent on works of original French expression. The legislative framework does not provide an exemption for thematic or niche audiovisual services. Beginning in 2026, France will impose further sub-quotas, requiring subscription VOD service providers to devote at least 20 percent of their investment obligation to animation, documentary, or recordings or recreations of live shows.

Italy: The Italian Consolidated Audiovisual Media Services Act requires that at least 15 percent of a subscription VOD service provider's catalogue must be dedicated to Italian works produced by independent producers within the prior five years. VOD providers must also devote 16 percent of their annual net revenues generated in Italy to the production of European works. Seventy percent of the investment obligation must be reserved for Italian works produced by independent Italian producers within the prior five years.

The Netherlands: A Dutch law mandating VOD service providers invest 5 percent of national revenues either into Dutch works or into the Dutch film fund entered into force in 2024. This law applies to VOD service providers with an annual turnover of at least €10 million (approximately \$11 million) within the Netherlands, and includes a 60 percent sub-quota for independent productions. The Netherlands also imposes a 30 percent European works catalogue quota for VOD services.

Spain: Spain's catalogue of on-demand services must include at least 30 percent EU content, of which at least half must be in an official language of Spain. In addition, broadcasters and VOD service providers with revenues exceeding €50 million (approximately \$56 million) must invest 5 percent of their revenues in the production of EU and Spanish works, and 40 percent of this

allocation must be reserved for works of independent producers in any of Spain's official languages.

Aviation Service Providers

On October 23, 2024, the European Union enacted Regulation (EU) 2024/2803 on the implementation of the Single European Sky (SES2+). Regulation (EU) 2024/2803 introduces ownership and control requirements for providers of communication, navigation, surveillance, and related services. Specifically, Articles 8 and 11 stipulate that providers must be effectively controlled by EU Member States, have their principal place of business located within the EU, and be more than 50 percent owned by EU Member States or their nationals. Articles 8 and 11 restrict market access for non-EU companies by imposing new eligibility conditions on those providing critical aviation safety services. These include: (1) air traffic control support systems; (2) communication, navigation, and surveillance infrastructure; (3) Automatic Identification and Dependent Surveillance system; (4) meteorological aviation services; and (5) approach and aerodrome control systems.

This development has raised serious concerns for long-established U.S. service providers operating in the European market. Without the continued participation of trusted and experienced providers, including U.S. companies, Regulation (EU) 2024/2803 risks introducing disruptions in air traffic operations, which could extend beyond the EU, affecting transatlantic flights and global traffic flow.

Professional Services

Austria, Belgium, Bulgaria, Croatia, Cyprus, Greece, Hungary, Latvia, Lithuania, and Malta require EU or European Economic Area nationality or citizenship for full admission to the bar, which is necessary for the practice of EU and Member State law. In many cases, non-EU lawyers holding authorization to practice law in one Member State face more burdensome procedures to obtain authorization in another Member State than would a similarly situated lawyer holding EU citizenship.

European Union Space Act

In June 2025, the European Commission published a draft EU Space Act (EUSA), which would create a new regulatory regime for space operators. Under the draft produced by the Danish presidency of the European Council in December 2025, non-European satellite providers would be subject to a registration process that is more burdensome than that required for European operators. The EUSA may also restrict certain communications services to EU-headquartered satellite operators. A previous draft of the EUSA proposed imposing additional requirements on “giga-constellations,” defined as constellations with over 1,000 satellites. This definition would have disproportionately captured U.S. suppliers while excluding competing EU suppliers. These elements concerning “giga-constellations” were removed from the draft produced by the Danish presidency of the European Council in December 2025.

Other Digitally-Enabled Services and Digital Products

Digital Services Taxation

In July 2019, the Office of the U.S. Trade Representative (USTR) initiated a Section 301 investigation into France's Digital Services Tax (DST). In June 2020, USTR initiated Section 301 investigations of the DSTs

of Austria, Italy, and Spain. Based on the information obtained during these investigations, USTR determined each of the DSTs is unreasonable or discriminatory and burden or restrict U.S. commerce.

The United States and European Union (EU) Member States are among the 137 member jurisdictions to have joined the October 8, 2021, OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting [Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitization of the Economy](#), which called for all Parties to commit to not introduce DSTs in the future. On October 21, 2021, the United States, under the prior Administration, joined Austria, France, Italy, Spain, and the United Kingdom in a [Joint Statement](#) “on a transitional approach to existing Unilateral Measures while implementing Pillar 1.” According to the statement, DST liability that accrued to Austria, France, Italy, Spain, or the United Kingdom during a transitional period prior to the implementation of Pillar 1 would be creditable in defined circumstances against future corporate income tax liability 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 UK were not continued. The arrangement set out in the October 21, 2021 joint statement was extended to June 30, 2024 but has since expired.

On January 20, 2025 the United States issued a White House Memorandum titled “The Organization for Economic Cooperation 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 of 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 representatives of the U.S. Department of Treasury 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.

A February 21, 2025, Presidential Memorandum titled “[Defending American Companies and Innovators From Overseas Extortion and Unfair Fines and Penalties](#)” instructed the U.S. Trade Representative to determine whether to renew investigations of DSTs, including the France, Austria, Italy, and Spain DSTs, under Section 301 of the Trade Act of 1974..

Member State Measures

Austria

Since 2020, Austria has imposed a 5 percent tax on gross revenues from digital advertising services provided in Austria. The DST applies only to companies with annual global revenues of €750 million (approximately \$833 million) or more, and annual revenues from digital advertising services in Austria of €25 million (approximately \$28 million) or more. In 2024, Austria’s estimated total annual collection from all covered entities was €124 million (approximately \$124 million), a considerable share of which was paid by U.S. companies. The Austrian Government initially proposed to expand the current DST, but this initiative was dropped shortly after it took office on March 3, 2025.

France

In 2019, France imposed a 3 percent tax on certain gross revenues of companies that provide certain digital services, including digital interface services and targeted advertising services. The DST applies only to revenues deemed to have been generated from providing such services in France. The DST applies only to

companies that have more than €750 million (approximately \$833 million) in annual global revenues, and more than €25 million (approximately \$28 million) in in-country revenues from covered services. France collected about €800 million (\$865 million) in DSTs in 2024, the majority of which was paid by U.S. companies.

Italy

In 2020, Italy imposed a 3 percent tax on certain gross revenues of companies that provide certain digital services including targeted advertising services, digital interface services, and data transmission services. The DST applies only to revenues deemed to have been generated from services deemed to have been provided in Italy. As originally enacted, the DST applied only to companies with (1) annual global revenues of €750 million (approximately \$833 million) or more, and (2) in-country revenues from providing covered services in Italy of €5.5 million (approximately \$6 million) or more. Since January 1, 2026, the in-country revenue threshold no longer applies. In 2024, Italy collected €455 million (approximately \$506 million) in DSTs, the majority of which was paid by U.S. companies.

Spain

In 2020, Spain imposed a 3 percent tax on certain gross revenues of companies that provide certain digital services including targeted advertising services, digital interface services, and data transmission services. The DST applies only to revenues deemed to have been generated from services deemed to have been provided in Spain. The DST applies only to companies that have annual global revenues of €750 million (approximately \$833 million) or more, and annual in-country revenues from providing covered services in Spain of €3 million (approximately \$3 million) or more. In 2024, Spain collected approximately €375 million (approximately \$417 million) in DSTs, the majority of which was paid by U.S. companies.

Digital Services Act

The Digital Services Act (DSA) entered into force in November 2022, and took effect on February 17, 2024, with certain provisions already in effect on November 16, 2022. The DSA provides the European Commission the authority to regulate the business practices of certain large digital services suppliers, designated as “Very Large Online Platforms” (VLOPs) or Very Large Online Search Engines (VLOSEs), determined to have “average monthly active recipients of the service” in the EU equal to or higher than 45 million (this number will be adjusted by the EU in the future to ensure it corresponds to 10 percent of the EU population). The DSA also imposes strict transparency and reporting obligations and audit requirements, and requires VLOPs and VLOSEs to address “systemic risks” present in their services. The DSA identifies systemic risks as the dissemination of illegal content and any actual or foreseeable negative effects for the exercise of certain fundamental rights, among others. A VLOP or VLOSE has to consider how its content moderation systems, recommendation systems, and systems for displaying advertisements influence these risks and enact mitigation measures for any systemic risks. Once a platform is designated as a VLOP or VLOSE by the Commission, the supplier has four months to come into compliance with its obligations under the DSA. In October 2025, the delegated act the Commission adopted pursuant to the DSA’s Article 40 on data access came into force. This act requires VLOPs and VLOSEs to grant the Commission and relevant Member State authorities access to non-public, and potentially proprietary data.

The DSA provides the Member States and the Commission with the authority to impose fines not exceeding 6 percent of the total annual turnover of a VLOP or VLOSE and in some instances can impose a periodic fine of up to 5 percent of average daily global turnover for each day a VLOP or VLOSE fails to comply with a remedy, interim measure, or commitment imposed by the Commission. In certain instances, the Commission can also order a VLOP or VLOSE to suspend its operations in the EU. The DSA also provides the Commission with the power to adopt “delegated acts” for portions of the DSA, granting the Commission

expansive authority to adopt additional regulation. On April 25, 2023, the European Commission designated the first set of VLOPs. The majority of designated VLOPs are U.S. firms, resulting in regulatory burdens that disproportionately affect U.S. firms.

Since 2023, the Commission has opened several investigations under the DSA, including investigations into two U.S. firms. On December 5, 2025 the Commission issued a €120 million (approximately \$133 million) fine to a U.S. firm for allegedly breaching its transparency obligations under the DSA, more specifically regarding the “deceptive design of its ‘blue checkmark’, the lack of transparency of its advertising repository, and the failure to provide access to public data researchers.”

Digital Markets Act

The Digital Markets Act (DMA) entered into force in November 2022 and took effect in May 2023. The DMA provides the Commission with authority to regulate the business practices of certain large digital services suppliers, designated as “gatekeepers.” The DMA authorizes the Commission to impose fines not exceeding 10 percent of the total annual turnover of a gatekeeper, and in case of repeat offenses 20 percent of total annual turnover, and provides the Commission with the power to adopt “delegated acts” for portions of the DMA, thereby granting the Commission expansive authority to adopt additional regulation.

While the Commission has broad authority to determine that any provider of one or more core platform services is a “gatekeeper,” and is therefore subject to the DMA’s requirements, the DMA sets out that the Commission should designate as a “gatekeeper” any provider that: (1) provides a core platform services in at least three Member States and has an annual EEA turnover of €6.5 billion (approximately \$7.2 billion) or more over the previous three years, or an average market capitalization of at least €65 billion (approximately \$72 billion); and (2) has had, for each of the last three financial years, 45 million monthly active end users established or located in the EU and more than 10,000 yearly active business users established in the EU. The DMA also outlines qualitative criteria which may be used to designate a gatekeeper: (1) it has a significant impact on the internal markets; (2) it provides a core platform services which is an important gateway for business users to reach end-users; and (3) it enjoys an entrenched and durable position, in its operations, or it is foreseeable that it will enjoy such a position in the near future. A company that meets the criteria to be designated a gatekeeper under the DMA has a two-month period in which to notify the Commission that it believes that it meets the criteria to be designated a gatekeeper. Following that notification, the Commission has 45 working days to decide on the company’s gatekeeper designation. Once a provider has been designated as a gatekeeper, the provider will have six months to come into compliance with a number of obligations set out in Articles 5 and 6 of the DMA. The Commission designated the first set of “gatekeepers” in September 2023 and they were given six months to comply.

The DMA defines “core platform services” to include a broad swath of existing digital services, including online intermediation services, online search engines, online social networking services, video sharing platform services, number-independent interpersonal communications services, operating systems, cloud computing services, and advertising services (including networks, exchanges, and any other advertising intermediation services). The DMA provides the Commission with the authority to add new services to the list of “core platform services.”

The DMA gives the Commission broad authority to conduct market investigations to determine whether to designate a provider as a gatekeeper and whether a gatekeeper is in full compliance with obligations under the DMA. If the Commission determines that a gatekeeper has “systemically infringed” obligations in Articles 5 and 6 of the DMA and has “further strengthened or extended its gatekeeper position,” the Commission may impose “any behavioral or structural remedies” that are proportionate to the infringement.

The DMA's definitions and thresholds capture predominately U.S. firms, and therefore undermine U.S. competitiveness in the European market. The Commission is investigating U.S. firms and found two U.S. firms in violation of the DMA in April 2025. The Commission will undertake a mandatory review of the DMA by May 2026. The Commission launched three cloud-services-related investigations in November 2025, including an investigation to assess whether the current obligations under the DMA are effective in addressing competition concerns in the cloud sector.

Artificial Intelligence Act

The EU Artificial Intelligence Act (AI Act) entered into force in August 2024, with rules applying in a staggered manner between February 2025 and August 2027. The Act establishes a risk-based approach to regulating Artificial Intelligence (AI) systems by identifying AI systems as minimal, limited, high, or unacceptable risks, and regulating accordingly, including through conformity assessment. The AI Act applies differentiated obligations to various actors, in an effort to include the AI systems' manufacturers, importers, and users. The Act's scope applies to services such as machine learning programs, translations programs, speech to text conversion, or forecasting and optimization programs. The Act employs the strictest requirements on applications deemed "high-risk," such as facial recognition technology, credit scoring, and critical infrastructure. AI systems deemed an "unacceptable risk" are banned.

The AI Act will be supplemented by implementing acts and standards to operationalize its requirements for general-purpose AI, foundation models, and high-risk AI. The Commission launched a consultation on a Code of Practice for providers of general-purpose AI (AI systems designed to perform a broad range of tasks, such as large-language models), which was released in August 2025 and endorsed by some U.S. providers.

The AI Act will also require providers of general-purpose AI to disclose a "sufficiently detailed" summary of their model training data. In July 2025, Commission finalized a template for these disclosures. If the Commission requires granular disclosure of training data in the template, it may infringe on the intellectual property, including trade secrets of model developers.

The European Committee for Standardization and the European Committee for Electrotechnical Standardization have launched a dedicated technical committee (JTC 21) to develop harmonized standards that will support the implementation of the AI Act, including a framework for AI trustworthiness and standards for AI risk management and quality assurance. It remains unclear whether these standards will be consistent with existing relevant International Organization for Standardization (ISO) standards (*e.g.*, ISO 42001). Divergent standards would require U.S. firms to adapt to EU-specific requirements. The AI Act also grants the Commission the authority to adopt implementing acts to establish common specifications in specific cases such as where European standards bodies have not drafted a satisfactory standard and existing EU-developed standards do not exist.

In response to concerns regarding compliance, the Commission proposed delaying the enforcement of high-risk AI rules in the Digital Omnibus Package published on November 19, 2025.

Data Act

The Data Act entered into force in January 2024, and its rules went into effect in September 2025. The Act establishes rules for access and use of both personal and non-personal data by businesses, consumers, researchers, and public sector bodies, including data generated by connected devices and digital services. The Act applies to the transfer or "sharing" of business-to-business, business-to-consumer, and business-to-government non-personal data that is stored within industrial applications (*e.g.*, robots, wind farms) and smart devices (*e.g.*, smart televisions, connected cars). The Data Act regulates the rights of users (in many

cases meaning the generators of such data, like the users of smart televisions or drivers of connected cars) to access data that these connected machines or devices generate. The Data Act also mandates certain sharing of this data with third parties, including researchers, public sector bodies, and other private companies. Firms may only refuse access to data covered by trade secrets in exceptional circumstances, but can require the users and third parties to preserve the confidentiality of data considered to be trade secrets. Additionally, the Data Act requires cloud service and other data processing service providers to remove obstacles for customers terminating their service. On international transfers of non-personal data, the rules oblige providers of such services to take “all reasonable technical, legal and organizational measures, including contractual arrangements” to prevent international transfers or governmental access to non-personal data that are in conflict with EU or Member State law. These requirements may impose burdensome requirements on U.S. service providers and undermine the ability of U.S. providers of such services to compete in the European market.

Data Localization

The General Data Protection Regulation (GDPR) took effect in May 2018. The GDPR restricts the transfer of the personal data of EU “data subjects” (any natural person whose personal data is being processed) outside of the EU, except to specific countries that the EU has determined provide adequate data protection under EU law or when other specific requirements are met, such as the use of standard contractual clauses (SCCs) or binding corporate rules. Restrictions on the flow of data have a significant effect on the conditions for the cross-border supply of numerous services and for enabling the functionality embedded in intelligent goods (*i.e.*, smart devices), among other effects. Due to the EU’s assertion of extraterritorial jurisdiction for the GDPR, as well as the GDPR’s broad impact on many areas of the economy, U.S. companies have expressed concerns that there remains a need for clear and consistent guidance in the implementation and enforcement of the GDPR.

In July 2016, the European Commission granted the United States an adequacy decision that applies to companies participating in the EU–U.S. Privacy Shield Framework. In July 2020, however, the Court of Justice of the European Union (CJEU) issued a judgment in the Schrems II litigation that invalidated the Commission’s decision. Although the CJEU’s judgment upheld the overall validity of SCCs, it nonetheless imposed an affirmative obligation on entities using SCCs “to verify, on a case-by-case basis ... whether the law of the third country of destination ensures adequate protection, under EU law, of personal data transferred pursuant to standard data production clauses.” In January and February 2022, multiple European data protection authorities issued rulings that certain websites transferring analytics data to the United States were in breach of the GDPR, based on the Schrems II judgment. On March 25, 2022, the United States and EU announced that they have agreed in principle on a new data privacy framework that is designed to provide a new mechanism to comply with EU data protection requirements for the transfer of personal data from the EU. In July 2023, the Commission granted the United States an adequacy decision for the EU-U.S. Data Privacy Framework (DPF), and organizations that self-certify their compliance with the DPF principles started transferring personal data from the EU to the U.S. in reliance on the DPF without SCCs. Legal challenges in the CJEU against the DPF were dismissed by the EU General Court in September 2025, upholding the Commission’s determination that U.S. safeguards are adequate. The General Court’s judgement has been appealed to the CJEU.

Network Usage Fees

On May 2, 2022, the European Telecommunications Network Operators Association (ETNO) released a report urging the European Commission to adopt new regulation that would require large Internet-enabled service suppliers to pay network usage fees to European telecommunications network operators in order to recoup costs they claim telecommunications network operators bear due to carrying high-bandwidth content. On October 7, 2022, the Body of European Regulators for Electronic Communications adopted a

report that concluded the ETNO proposal was unnecessary and “could be of significant harm to the Internet ecosystem.” On February 23, 2023, the European Commission launched a public consultation on the EU’s connectivity sector and telecommunications infrastructure. On May 19, 2023, the United States submitted formal comments to the European Commission raising concerns with mandating direct payments from content and application suppliers to telecommunications network operators. On October 10, 2023, the European Commission published the results of this consultation, concluding that no plan for network usage fees would proceed given the feedback from stakeholders. On February 21, 2024, the European Commission published a White Paper entitled “How to Master Europe’s Infrastructure Needs?” On September 17, 2024, the President of the European Commission, in her mission letter to the Executive Vice-President-designate for Tech Sovereignty, Security and Democracy, charged her with work on developing a new “Digital Networks Act to help boost secure high-speed broadband, both fixed and wireless” and directed her to “incentivize and encourage investments in digital infrastructure, taking into account responses to the Commission’s White Paper of February 2024.”

In June 2025, the Commission held a public consultation on the Digital Networks Act (DNA), building on the February 2024 White Paper, including on the “challenges in the cooperation between the various digital players in the digital infrastructure ecosystem.” Many U.S. stakeholders expressed opposition to using the DNA to extend the European Electronic Communications Code (EECC) to intellectual property interconnection, thereby making content application providers and content delivery networks subject to dispute resolution mechanisms that may ultimately require these providers and networks to make payments to European telecommunications operators. The Commission adopted the DNA proposal on January 21, 2026.

In August 2025, the United States and EU announced a Framework on an Agreement on Reciprocal, Fair, and Balanced Trade (Framework Agreement). In the Framework Agreement, the EU confirmed that it will not adopt or maintain network usage fees.

Member State Measures

Italy

In July 2025, the Italian telecommunications regulator, AGCOM, published Resolution No. 207-25-CONS, which reclassified “content delivery networks” as “electronic communications networks,” which made the rules for traditional telecommunications companies applicable to all content delivery networks, many of which are U.S. content providers. These rules would subject U.S. content providers that own or operate content delivery networks in Italy to a mandatory dispute resolution mechanism designed for traditional telecommunications services, and, under the mechanism, those content providers could incur fees of a similar nature to network usage fees. As of December 31, 2025, Italy is still deciding how to implement the rules with respect to content delivery networks.

INVESTMENT BARRIERS

With few exceptions, EU law generally requires that any company established under the law of one EU Member State must receive national treatment in all other Member States, regardless of the company’s ultimate ownership. Laws and regulations pertaining to the initial entry of foreign (*i.e.*, non-EU) investors, however, largely remain the purview of individual Member States. As discussed below, the policies and practices of Member States can have significant impact on U.S. investment.

Member State Measures on Investment

- *Croatia*: While Croatia generally affords foreign investors the same treatment as domestic investors, Croatian law restricts non-EU ownership and control in primary mandated healthcare and notarial services.
- *Cyprus*: Cypriot law imposes restrictions on non-EU ownership in certain sectors and activities. For example, only EU citizens have the right to register as construction contractors in Cyprus, and non-EU investors are not allowed to own a majority stake in a local construction company. In addition, a non-EU investor may not own more than 10 percent of a local television or radio station, and total non-EU ownership of any single local television or radio station is restricted to a maximum of 25 percent.
- *Denmark*: Denmark is generally open to foreign investment, but requires at least 20 percent government ownership for projects that require licenses or tenders in oil and gas exploration and carbon capture and storage. Some stakeholders have expressed concern that the government ownership requirement could delay or hinder the deployment of both renewable and traditional energy technologies and projects. In May 2025, the Danish Government removed a mandatory state-ownership requirement for offshore wind following the failure of a 2024 tender auction.
- *Germany*: Germany has a novel withholding tax related to intellectual property (IP) such as patents and trademarks registered in Germany, which is applied to all or nearly all revenues related to a license or other IP transfer agreement that is attributable to that registered IP, even when there is no related economic activity in Germany. By levying this withholding tax, German tax authorities appear to be applying the German Income Tax Act's section 49 paragraph 1 number 2-f retroactively and extraterritorially to related-party transactions, including both royalties and IP restructuring transactions. The approach does not conform with international tax practices and appears to be applied almost exclusively to U.S. firms.
- *Hungary*: In 2020, the Hungarian Parliament passed a law requiring the reporting of foreign investments to the Hungarian Government in certain sectors, including transportation, healthcare, energy, tourism, defense, finance, and information technology. The Hungarian Government reviews and grant approvals on the basis of the impact of the notified investment on the public interest, public safety, or public order, among other factors. Although this legislation was originally set to expire on December 31, 2022, it was extended in December 2021 without a date of expiry. This process is separate from Hungary's national security-based investment screening mechanism, which was established in 2018. Stakeholders report that there are key differences between the two investment screening mechanisms, including their scopes, definitions, implementing ministries, and review procedures, which lead to complexities and delays with investing in Hungary. The European Court of Justice ruled in 2023 that Hungary's foreign investment screening law is incompatible with EU law, in particular the freedom of establishment. In 2024, Hungary amended the law to grant a pre-emption right to the Hungarian Minister of Energy for notified investments in Hungarian companies engaged in solar power generation. If exercised, the pre-emption right entitles the National Asset Management Company, a state-owned asset holding company, to acquire ownership of the solar power company.
- *Italy*: U.S. companies have complained that unclear processes and lengthy delays have hindered their ability to apply for and obtain licenses or permits for energy and infrastructure investment projects in Italy. Even after licenses or permits have been granted, U.S. companies have faced legal and bureaucratic hurdles that have hindered their ability to obtain concessions. Tax and revenue-generating schemes that include exceptions for Italian companies often disproportionately impact U.S. companies,

especially in the technology sector. Various regulatory and enforcement actions against U.S. firms by Italian authorities, including tax authorities, have had a chilling effect on U.S. investments in Italy.

- *Latvia:* U.S. investors have reported that the judicial system in Latvia can present significant challenges, particularly in regard to insolvency proceedings that often take several years to resolve. U.S. stakeholders also continue to voice similar concerns about civil cases.
- *Poland:* Polish law limits non-EU citizens to 49 percent ownership of companies operating in air transport, radio and television broadcasting, and airport and seaport operations. Under the previous Polish Government, U.S. investors reported that the Polish tax system was complex and unpredictable, with generally short time periods between the announcement of a tax legislation and its entry into force. Since December 2023, the Polish Government has committed to taking steps to improve the Polish tax system, including by consulting with the private sector and increasing lead time on proposed legislative changes.

In addition, the previous government took measures such as sectoral taxes, fines, and use of state-controlled companies to purchase media to increase the percentage of domestic ownership in industries such as media, banking, and retail, which had large holdings by foreign companies. With respect to the media sector, the current government has a stated goal of deregulating and privatizing the sector.

- *Portugal:* While Portugal generally affords foreign investors the same treatment as domestic investors, Portuguese law requires companies engaged in the production, transmission, and distribution of electricity; the production of gas; the pipeline transportation of fuels; wholesale services of electricity; retailing services of electricity and non-bottled gas; and services incidental to electricity and natural gas distribution to have an entity incorporated and with effective management in Portugal to qualify for concessions in specific energy, electricity, and gas-related activities.
- *Spain:* While Spain generally affords foreign investors the same treatment as domestic investors, Spanish law restricts individual non-EU ownership of audiovisual broadcasting licenses to 25 percent. Specifically, a non-EU company may own no more than 25 percent of a company holding a digital terrestrial television broadcasting license, and total non-EU ownership may not exceed 50 percent.
- *Sweden:* Sweden is generally open to foreign investment but restricts non-EU ownership in certain professional services sectors, including by prohibiting non-EU ownership of any corporation or partnership providing legal services and by limiting total non-EU investment to no more than 25 percent in the accountancy sector.

SUBSIDIES

Various financial transactions and equity arrangements in the EU raise questions about the role of state funding in supporting or subsidizing private or quasi-private organizations, including in the manufacture of civil aircraft.

Government Support for Airbus

In October 2019, after 15 years of litigation, the World Trade Organization (WTO) authorized the United States to take approximately \$7.5 billion in trade countermeasures in the dispute against the EU, France, Germany, Spain, and the United Kingdom regarding their illegal subsidies for the Airbus consortium.

On June 15, 2021, the United States and the EU reached an understanding on a cooperative framework to address the large civil aircraft disputes. The cooperative framework suspended each side's tariffs related to this dispute for five years, which is set to expire in July 2026. The United States and the EU also agreed to principles for government support in this sector, including their shared intent that any financing for the production or development of large civil aircraft be on market terms. The United States and the EU further agreed to collaborate on jointly analyzing and addressing non-market policies and practices of third countries that may harm the U.S. and EU large civil aircraft industries.

Over many years, France, Germany, Spain, and, to a much lesser extent, Belgium, have provided subsidies to Airbus-affiliated national companies to aid in the development, production, and marketing of Airbus's large civil aircraft. These governments have financed from 33 percent to 100 percent of the development costs (launch aid) for all Airbus aircraft models. They have also provided other forms of support, including equity infusions, debt forgiveness, debt rollovers, marketing assistance, and research and development funding, and they have applied political and economic pressure on purchasing governments. The cooperative framework affirms the EU's intent to provide future funding only on market terms.

In addition to these subsidies, the EU maintains aeronautics research programs that are driven significantly by a policy intended to enhance the international competitiveness of the EU civil aeronautics industry. EU Member State governments have spent hundreds of millions of euros to create infrastructure for Airbus programs.

In accordance with the understanding, the U.S. Trade Representative determined to suspend the action being taken in the Section 301 investigation for five years, beginning July 11, 2021, with respect to tariffs on goods of EU Member States (86 FR 36313). USTR continued to monitor implementation by the EU of the framework understanding and their respective measures related to the matters covered in the large civil aircraft dispute, including whether the EU provides financing to a large civil aircraft producer for the production or development of large civil aircraft that is not on market terms. If USTR considers that the implementation of the framework understanding or measures related to the WTO dispute are not satisfactory, USTR will take any and all appropriate and feasible action under Section 301 to enforce U.S. WTO rights.

Subsidies for Fruit and Vegetables

The EU Common Market Organization (CMO) provides a framework for market measures under the EU's Common Agricultural Policy, including for subsidies and other measures related to the promotion of fruit and vegetables. Implementing rules covering fresh and processed products are designed to encourage the development of producer organizations (POs) as the main vehicle for crisis management and market promotion. The CMO makes payments to POs for dozens of products, including peaches, citrus fruits, and olives.

In 2015, a basic payment scheme and greening payments were introduced, replacing the single payment scheme. Direct payments also are paid to support certain processing sectors, including, for example, peaches for juicing in Greece. The general lack of transparency around the distribution of EU subsidies at the Member State-level in the fruit and vegetable industry raises questions about whether the payments are decoupled from production. The United States continues to monitor and review EU assistance in this sector, evaluating potential trade-distorting effects.

OTHER NON-MARKET POLICIES AND PRACTICES

The EU does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and EU markets from distortions and ensure a fair and secure trading relationship. The EU has not entered into an Agreement on Reciprocal, Fair, and Balanced Trade with the United States that includes commitments to address distortions caused by such NMPPs. The EU participates in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The EU has adopted a measure intended to prohibit products produced with forced labor from entering the EU market (Regulation (EU) (2024/3015)), but it will not be applied until December 14, 2027. Currently, goods made with forced labor can enter and compete in the EU market. This issue may artificially suppress costs, including labor costs, which may give certain goods from and within the EU an unfair advantage.

ENVIRONMENT

EU Carbon Border Adjustment Mechanism

As of January 1, 2026, the EU Carbon Border Adjustment Mechanism (CBAM) began imposing a fee on embedded emissions of certain covered EU imports of cement, iron and steel, aluminum, fertilizers, electricity, and hydrogen. The fee is linked to the quarterly carbon price in the EU Emissions Trading System (ETS) and, while obligated on 2026 imports, importers will have until 2027 to pay the fee. In 2023, CBAM began requiring data on covered imports and stakeholders have raised concerns about onerous reporting requirements and disclosure of sensitive and confidential business information. The EU did not issue the regulations for the full implementation of CBAM (including methodology for calculating the fees) until December 17, 2025, despite CBAM fully entering into force two weeks later on January 1, 2026. Stakeholders have expressed concern about the extremely short time frame for understanding the regulations and the potential implications on trade with the EU. Although CBAM will credit imports for explicit carbon prices paid by foreign producers in their home market, U.S. exports may not be eligible for such credits because CBAM does not offer credits for regulatory and other non-price mechanisms for reducing carbon emissions.

Following a simplification measure published in October 2025, EU importers annually importing less than 50 tons of goods subject to CBAM will be exempt from CBAM obligations. The single mass-based threshold does not apply to imports of electricity or hydrogen due to sector-specific implementation challenges. If an importer exceeds the single mass-based threshold without authorized CBAM declarant status, penalties amounting to three to five times the standard penalty of €100 per ton (approximately \$115 per ton) of embedded emissions will apply. Such penalties may be reduced where an importer exceeded the single mass-based threshold by no more than 10 percent of that threshold. The simplification also allows importers to report default values instead of real embedded emissions. However, using default values set by the European Commission (the Commission), which include a punitive markup, will likely be higher than real emissions and result in higher CBAM fees. The implementing regulations of the CBAM also require companies to use third party verifiers accredited by European accreditation bodies, but stakeholders have expressed concerns that the limited number of approved accreditors may create bottlenecks in the verification process.

In addition to the implementing acts issued in December 2025, the Commission also proposed an amendment to CBAM legislation to extend the scope of CBAM, adding 180 steel and aluminum-intensive

downstream products. The Commission estimates that 94 percent of these covered goods will be industrial supply chain products such as heavy machinery, base metal mountings, cylinders, industrial radiators or casting machines, with the remaining 6 percent household goods such as washing machines and kitchen and garden equipment. The proposed extension of the scope to the 180 downstream products would apply from January 1, 2028, subject to any amendments and approval by the European Parliament and the European Council. CBAM may also eventually be extended to other sectors covered under the ETS. The Commission also announced enhanced reporting requirements “for better traceability of CBAM goods and the prevention of emission intensity misdeclarations.” The Commission said it would obtain the authority “to tackle evidence-based abuses circumventing CBAM’s financial responsibilities, requiring additional evidence when actual values are unreliable, and defaulting to country values in such specific cases.” In addition, the Commission proposed a fund to “temporarily support EU producers of CBAM goods and mitigate carbon leakage risks” to address “the competitiveness loss in third-country markets where EU goods might be supplanted by cheaper, more emission-intensive alternatives, potentially increasing global emissions.” The fund would reimburse a portion of the carbon costs borne by EU producers under the EU ETS, provided that the recipient can demonstrate decarbonization efforts. Similar relief to offset CBAM charges imposed on imported products has not been proposed.

Fisheries Subsidies

The EU’s European Maritime, Fisheries and Aquaculture Fund has an estimated annual budget of \$905 million, which includes providing subsidies to the EU’s distant water fleet and financial support to 13 Sustainable Fisheries Partnership Agreements. Distant water fishing, enabled by fisheries subsidies, harms the sustainability of fisheries resources by depleting already overfished stocks and undermines U.S. fishers’ livelihoods by distorting the true cost of seafood sold in markets. Subsidies, particularly for distant water fishing, create an uneven playing field and competitive disadvantage for U.S. fishers. The EU has accepted the World Trade Organization Agreement on Fisheries Subsidies.

Deforestation-Free Supply Chain Regulation

As discussed above in the Technical Barriers to Trade Section above, in 2023 the EU issued a deforestation-free supply chain regulation (Regulation (EU) 2023/1115), with an initial 18-month transition period through December 30, 2024, which it later delayed to December 30, 2026. Many U.S. stakeholders had argued that the original transition period through December 30, 2024 was insufficient time for compliance, given the lack of implementation guidance. On December 19, 2024, the EU issued Regulation (EU) 2024/3234 to delay implementation by 12 months for large and medium-sized companies and 18 months for micro and small companies to give operators and competent authorities additional time to prepare. Through an implementing act on May 22, 2025, the Commission finalized the country benchmarking system, which classified the United States as low risk, along with most other countries. However, this designation did not meaningfully change the compliance requirements under the regulation. In August 2025, the EU recognized in the Joint Statement that production of the relevant commodities within the territory of the United States poses negligible risk to global deforestation, and the EU committed to work to address U.S. concerns regarding the regulation. On December 19, 2025, the EU issued Regulation (EU) 2025/2650 to again delay implementation to December 30, 2026 for large and medium-sized companies and June 30, 2027 for micro and small companies. Regulation (EU) 2025/2650 also requires that the Commission conduct a simplification review to evaluate the impact and administrative burden of the regulation and present a report by April 30, 2026. In 2024, excluding derived products, U.S. exports of products covered by the EU’s deforestation-free regulation exceeded \$8 billion (latest data available).

Green Claims Directive

On March 22, 2023, the European Commission released a proposal for a directive on substantiation and communication of explicit environmental claims (“Green Claims Directive,” notified to the WTO in May 2023) to combat misleading environmental claims (“greenwashing”). The United States has been engaging with the European Commission to ensure that the directive is clear and specific as to the elements needed to substantiate environmental claims, including documentation requirements and implementation periods for the measure’s conformity assessment procedures and labeling requirements related to product characteristics. Discussions on the Green Claims Directive proposal were paused in 2025 due to a lack of support in the European Council. However, the proposal has not been officially withdrawn and the Directive is still listed among the pending proposals in the 2026 Commission Work Programme.

(Discussion of additional environment-related EU measures can be found in the Technical Barriers to Trade subsection of this NTE Report Chapter.)

OTHER BARRIERS

Pharmaceutical and Medical Device Pricing and Reimbursement Policies

U.S. pharmaceutical stakeholders have expressed concerns about several European Union (EU) Member State policies affecting market access for pharmaceutical products and medical devices, including non-transparent procedures and a lack of meaningful stakeholder input into policies related to pricing and reimbursement. Such lack of transparency and due process creates uncertainty and unpredictability for investment in these markets and can undermine incentives to market and innovate further. These policies have been identified for several EU Member States as described below. One example is the “clawback” regimes, which require pharmaceutical companies to reimburse the government when drug spending exceeds a budgetary cap. Stakeholders have also expressed concerns over inconsistent and lengthy time limits for pricing and reimbursement decisions. Industry has grown increasingly concerned about policies that are being made with little opportunity for engagement.

- *Austria:* U.S. pharmaceutical companies continue to express concerns about reimbursement and pricing decisions by the statutory insurance providers association that are non-transparent and not preceded by a meaningful opportunity for stakeholder engagement. Financial penalties for imported medicines, which were introduced in 2024 and strengthened in 2025, apply a 30 percent deduction off the sales price if cheaper parallel medicines are available but not dispensed. Moreover, reimbursed medicines are subject to additional rebates during the patent term and to price cuts. Stakeholders allege that pricing measures are made without meaningful opportunity for engagement by industry.
- *Belgium:* U.S. industry stakeholders raise concerns over cost containment measures, including turnover taxes, marketing taxes, and clawbacks, which make it difficult to do business in Belgium. Industry also reports delays of over 27 months for medicines to be reimbursed.
- *Czech Republic:* Under the Czech pricing system, the price of a new medicine cannot exceed the average price of the lowest three countries among 19 EU Member States. In addition, in most cases, the reimbursed price is set at the lowest price of a therapeutic cluster of medicines, which can combine patented, off-patent, and generic medicines. Moreover, U.S. companies continue to express concerns that innovative medicines are subject to non-transparent and lengthy reimbursement processes that reduce patient access.

- *France:* According to industry, France uses several mechanisms, such as excessive price cuts and rebates, revenue clawbacks, and pharmaceutical-specific taxes, to lower list prices on innovative medicines.

When France's total spending on social security exceeds a budgetary cap set in France's annual Social Security Financing Act, France's so-called "safeguard clause" requires innovative pharmaceutical companies marketing reimbursed medicines to pay a collective tax on the difference between the actual spending and the target amount. The amount payable depends on each manufacturer's sales and growth, with companies paying up to 10 percent of the revenue generated in France by their reimbursed products.

Additionally, the pricing agreements that France negotiates with drug manufacturers routinely include various product rebates, such as "first-pack" clawbacks, price-volume rebates, and capping rebates. In addition, France imposes supplemental, annual price reductions on targeted therapeutic classes of pharmaceuticals for the purpose of meeting budgetary goals. For 2025, France's target for these price cuts was reportedly €1.4 billion (approximately \$1.6 billion). The French Social Security Bill adopted on December 16, 2025, aims to reduce the anticipated Social Security deficit to €19.4 billion (approximately \$22 billion), compared to €23 billion (approximately \$26 billion) in 2026, through price cuts of €1.4 billion (approximately \$1.6 billion) and additional taxes on pharmaceutical companies that are estimated to raise €1.6 billion (approximately \$1.8 billion).

U.S. stakeholders have expressed concerns that the process of gaining market access for drugs in France is slower than elsewhere in the EU, resulting from delays in reimbursement approvals up to 19 months after marketing authorization, compared to the no more than 16 months required by EU law.

- *Greece:* U.S. pharmaceutical industry stakeholders have continued to raise major concerns about the lack of transparency or opportunities for meaningful stakeholder input into the application of pharmaceutical pricing and reimbursement policies. Stakeholders have also raised concerns about lengthy reimbursement timelines and inconsistent application of pricing and reimbursement processes.

Greece's combined method of closed budget negotiations with retroactive, post-usage clawbacks penalizes innovative products, with higher-value products covering the majority of Greece's healthcare deficit. Greece's pre-financial crisis level of healthcare spending and lack of prescription management have created a €2 billion (approximately \$2.2 billion) budget gap. The Greek Government has resolved this by retroactively charging multinational firms to cover this deficit, often 18 to 24 months after the products have been used. For publicly listed firms, this can require restating financial results, which is an additional burden beyond the financial difficulty of the company paying back 70 percent (or more) of the price for products provided to Greece.

In 2025, the Greek Government implemented the same clawback mechanism for medical devices, an industry segment that already faced delayed payments of 18 to 24 months for products provided in hospitals. As U.S. firms make up the majority of the medical device sector, the financial burden they shoulder is disproportionate.

- *Germany:* In January 2025, Germany began conditioning the confidentiality of manufacturers' pharmaceutical pricing on certain criteria, including acceptance of a 9 percent price discount and payment of additional administrative costs.

U.S. pharmaceutical industry stakeholders continue to express significant concerns regarding Germany's pharmaceutical pricing and reimbursement system, particularly the processes established under the Arzneimittelmarkt-Neuordnungsgesetz (AMNOG, Pharmaceutical Market Restructuring Act). Stakeholders report that the high rate of negative or low added-benefit assessments for new medicines often results in downward pressure on reimbursement prices, which can disadvantage innovative products. U.S. companies also cite stringent and complex data requirements for benefit assessments, as well as the frequent use of low-cost comparators in price negotiations, as structural challenges that may not fully reflect the clinical value of new therapies.

Industry groups are concerned that the statutory sickness funds, which are provided by the central federal association of the statutory health and long-term care insurance funds in Germany, have too much influence over both the ultimate benefit assessment rating and price negotiation process. They argue this imbalance often leads to decisions that disadvantage manufacturers. In response, some companies have filed legal challenges, claiming that the system creates unfair barriers to market entry and lacks transparency in its procedures.

U.S. companies are particularly concerned that low reimbursement levels in Germany can have a spillover effect, influencing prices in other markets due to international reference pricing practices. These factors have led some manufacturers to delay or reconsider launching new products in Germany, which may ultimately impact patient access to innovative therapies.

- *Hungary:* U.S. pharmaceutical industry stakeholders have expressed concerns regarding delays in decision-making and reimbursement and lengthy processes for making changes to the list of drugs approved for reimbursement. The average wait time to include an innovative therapy in the national reimbursement is more than two years in Hungary, which is one of the longest in the EU. U.S. pharmaceutical industry stakeholders also note the lack of opportunity to provide input into these pricing and reimbursement processes. Despite absolute growth, healthcare spending as a share of gross domestic product has declined, and pharmaceutical spending remains one of the slowest-growing segments of the healthcare budget.

Ireland: Pharmaceutical industry stakeholders, including many U.S. firms, continue to express concerns over delays in reimbursement decisions. Access to new drugs and innovative medicines is subject to a lengthy decision process. Industry is also concerned that regulatory authorities use outdated and inaccurate pricing models that do not fully recognize the value of innovative U.S. drugs when setting drug prices. Ireland also uses a rebate mechanism—set forth in an agreement between the Irish Government and industry—to recoup revenues at a pre-determined rate from pharmaceutical companies in an effort to contain government costs, thereby adversely affecting firms' profitability.

- *Italy:* In Italy, the pharmaceutical industry and manufacturers must make repayments if drug expenditures by the Italian National Health Service exceed ceilings enacted through Italy's budget laws. In hospital settings where the drug portfolio is dominated by U.S. companies, pharmaceutical companies reportedly were required to repay more than €2 billion (approximately \$2.2 billion) in 2024 for spending by hospitals in excess of their budget ceiling. U.S. medical device companies have also reported uncertainty due to the clawback system that is applied to their sector, though government engagement with industry stakeholders has improved.
- *Poland:* Poland's Government pricing and reimbursement system is underfunded and significantly backlogged. U.S. industry stakeholders report that the pricing and reimbursement system takes more than 800 days on average from regulatory approval to patient access. Public

spending on medicines is constrained by a combination of therapeutic reference pricing, which can link the price of patented medicines to the lowest-cost generics, mandatory price cuts, fixed wholesale and retail margins, high patient co-payments, and restricted reimbursement criteria that limit access to certain groups of patients. Poland caps the share of public spending on medicines through an industry-wide clawback mechanism, which is triggered when National Health Fund (NHF) expenditures on reimbursed medicines exceed 17 percent of the NHF budget.

On August 25, 2025, the President of Poland signed the amendments to the Drug Reimbursement Act and the Act on Healthcare Services Financed from Public Funds, which aim to reform the reimbursement system. These amendments provide for increased involvement of patient organizations in the reimbursement procedure and for regular review of the list of medical devices reimbursed on the basis of a separate order, as well as procedures to streamline the decision-making process and increase the predictability of the pricing and reimbursement system. The United States commends Poland for its attempts to make positive developments in this area and will continue to urge Poland to engage meaningfully with stakeholders with respect to their concerns.

- *Romania:* Innovative pharmaceutical producers have identified several significant challenges resulting from the lack of predictability and delays in updating the lists of innovative pharmaceuticals that are eligible for reimbursement under the national health system, with numerous applications pending. In addition, both innovative and generic pharmaceutical companies have withdrawn drugs from the Romanian market, as the official prices set in Romania can fall below production costs. Romania applies a clawback tax designed to recoup drug reimbursement costs that exceed state-budgeted amounts. Since May 2023, the tax has been capped at 25 percent for innovative medicines, and 15 percent for generic medicines. In October 2025, as part of budgetary consolidation efforts, the Romanian Government adopted an additional temporary solidarity contribution of 1.7 percent for innovative drugs and 0.6 percent for generics. The measure applies, from the last quarter of 2025 through the end of 2026.
- *Slovakia:* Notwithstanding Slovakia's adoption in 2022 of legislation designed to streamline and accelerate the approval and reimbursement of innovative medicines, U.S. pharmaceutical stakeholders report that the processes for such approval and reimbursement continue to suffer from a lack of transparency and excessive delays, leading to market distortions and creating a barrier to trade for U.S. firms. They are also concerned that Slovakia's steeply discounted pharmaceutical pricing incentivizes the illicit re-export of medications, which erodes profits and creates localized supply disruptions and shortages, for which drug manufacturers and distributors may be held liable. While the Slovak Ministry of Health has made some efforts to address the illicit re-export of medications, pharmaceutical firms report that penalties are set too low to deter crime. In addition, Slovak public hospitals routinely delay payments to medical device suppliers, with average delays exceeding 180 days—well beyond the 60-day deadline mandated by EU law. Despite a September 2024 European Court of Justice ruling confirming Slovakia's breach of the EU Late Payment Directive, U.S. medical device manufacturers report that Slovakia has failed to make substantive policy changes. This failure leads to continued financial uncertainty and reduced supply chain reliability for U.S. firms.
- *Spain:* U.S. pharmaceutical companies in Spain face ongoing challenges related to regulatory uncertainty, lengthy and non-transparent pricing and reimbursement processes, and additional tax burdens. Although Spanish Government has launched a comprehensive strategy to support the sector, the pace of legislative reform and the complexity of governance structures continue to create operational challenges. U.S. industry seeks greater transparency, predictability, and engagement

in policy development, as well as timely access to markets. Reforms to Spain's Medicines Law are ongoing and expected to be adopted by early 2026.

- *Sweden:* Biopharmaceutical innovators face an increasingly challenging and nontransparent environment for government pricing and reimbursement in Sweden with respect to pricing decisions. Manufacturers are concerned that the Swedish Dental and Pharmaceutical Benefits Agency pricing system is not transparent and that their pricing requests, as part of their combined pricing and reimbursement application, are often rejected in a nontransparent fashion. For medicines administered in a hospital, the New Therapies Council makes recommendations that influence procurement and pricing, but there is no formal pricing and reimbursement process. Thus, manufacturers cannot apply for pricing and reimbursement and there is no process for appeal. Only 38 percent of new medicines launched globally since 2014 are reimbursed in Sweden's public national health insurance, with patients waiting an average of 20 months after global first launch for those medicines that are reimbursed.

European Union Fluorinated Greenhouse Gas Regulation

The fluorinated greenhouse gas (F-Gas) policies initially discussed in the Technical Barriers to Trade section of this NTE Report Chapter place restrictions on the sale of certain refrigeration and air conditioning equipment, foams, and propellants that use fluorinated gases. In particular, using a quota system, the F-Gas policies limit and, over time, progressively restrict the quantity of hydrofluorocarbons (HFCs) available for use in the European Union (EU).

The EU's update to its F-Gas policies, Regulation (EU) 2024/573, went into force in March 2024 with additional restrictions relative to current 2030 targets. U.S. stakeholders have expressed concerns that the regulation's reductions in HFC quotas and imposition of an unrealistic timeline to introduce lower Global Warming Potential alternatives have increased illegal trade in HFCs. U.S. stakeholders also have expressed concerns that insufficient oversight and enforcement by the EU and its Member States of F-Gas Regulation (EU) 2024/573 has allowed for widespread importations of HFCs that exceed, and otherwise are not accounted for under, the EU's quota system. Such imports negatively affect U.S. exporters of alternative refrigerants. U.S. stakeholders have further expressed concerns that the potentially different approaches between F-Gas Regulation (EU) 2024/573 and REACH's (Registration, Evaluation, Authorisation and Restriction of Chemicals') forthcoming definition of PFAS (per- and polyfluoroalkyl substances) could pose a compliance challenge.

The United States and stakeholders are also concerned that HFCs are trafficked without the knowledge of customs officials, either hidden or falsely declared on customs forms, or they are imported unaccounted for when already integrated in equipment containing HFCs.

Corporate Sustainability Due Diligence Directive and Corporate Sustainability Reporting Directive

The Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD) represent a serious and unwarranted regulatory and jurisdictional overreach by the EU, that imposes significant economic regulatory burdens, and creates legal uncertainty for U.S. companies. Stakeholders have raised many concerns about onerous reporting requirements.

On December 16, 2025, the European Parliament approved a final negotiated text of the Sustainability Omnibus legislation, which reforms the CSDDD, CSRD, and EU Taxonomy and it was published in the Official Journal on February 26, 2026. The omnibus legislation removed the CSDDD's requirement to adopt transition plans for climate change mitigation, but did not limit CSDDD's application to companies with no physical presence in the EU. The omnibus legislation also postponed reporting and due diligence

obligations for companies under the CSRD and the CSDDD. EU Member States will have to transpose the CSDDD into national law by July 26, 2028. The requirements will start applying to companies on July 26, 2029. Before July 26, 2027, the European Commission will issue implementing guidelines for the CSDDD on what companies need to report on and other details on compliance.

EU Methane Regulation

The EU Methane Regulation (EUMR) on the reduction of methane emissions in the energy sector (Regulation EU 2024/1787), brought into force on August 4, 2024, requires crude oil, natural gas, and coal companies that operate within or import into the EU to measure, report, and verify (MRV) their methane emissions at the site level by August 5, 2028 and reduce their methane emissions intensity to an undefined maximum threshold level by August 5, 2030 or risk fines. The regulation also establishes a methane transparency database with public methane intensity production profiles.

By January 1, 2027, importers must demonstrate that the crude oil, natural gas, or coal imported into the EU was produced in a jurisdiction with MRV requirements equivalent to those applied domestically in the EU, or at a certain level under the United Nations Environment Program's Oil and Gas Methane Partnership 2.0 voluntary reporting framework. This MRV reporting requirement applies to all contracts signed or renewed after August 4, 2024. Noncompliance with EUMR requirements could result in fines on fossil fuel importers, currently capped at 20 percent of annual income of the preceding calendar year, but each EU Member State will set its own penalty amounts, creating uncertainty for importers and producers.

Given the complex supply chains of the U.S. energy sector, U.S. suppliers have raised concerns that the methane emissions MRV requirements may not be possible for U.S. companies to meet.

Regulatory Approval of Aircraft

Stakeholders have raised concerns regarding the regulatory process, timelines, and costs associated with aircraft validation in the EU. Despite the longstanding aviation safety agreement between the European Union Aviation Safety Agency (EASA) and the U.S. Federal Aviation Administration (FAA), U.S. aerospace manufacturers have experienced long timelines in obtaining the necessary approvals from EASA that are required to export their products to the EU. FAA seeks to resolve these concerns.

GHANA

TRADE SUMMARY

The U.S. goods trade balance with Ghana shifted from a goods trade deficit of \$205.7 million in 2024 to a goods trade surplus of \$63.4 million in 2025. U.S. goods exports to Ghana totaled \$1.3 billion in 2025, up 32.6 percent (\$315.7 million) from 2024. U.S. goods imports from Ghana totaled \$1.2 billion in 2025, up 4.0 percent (\$46.5 million) from 2024. Total U.S. goods trade (exports plus imports) with Ghana was an estimated \$2.5 billion in 2025. Ghana was the 80th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Ghana was \$311 million in 2024 (latest data available), a 1,144.0 percent increase (\$286 million) over 2023. U.S. services exports to Ghana totaled \$986 million in 2024 (latest data available) up 27.1 percent (\$210 million) from 2023. U.S. services imports from Ghana totaled 675 million in 2024 (latest data available) down 10.1 percent (\$76 million) from 2023. Total U.S. services trade with Ghana was an estimated \$1.7 billion in 2024 (latest data available). Ghana was the 78th largest U.S. services export market in 2024 (latest data available).

IMPORT POLICIES

Tariffs

Ghana's average Most-Favored-Nation (MFN) applied tariff rate was 12 percent in 2024 (latest data available). Ghana's average MFN applied tariff rate was 15.9 percent for agricultural products and 11.4 percent for nonagricultural products in 2024 (latest data available). Ghana has bound 15.1 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 92.0 percent. Ghana has bound all agricultural tariffs in the WTO at an average rate of 96.6 percent—more than six times the average level of its MFN applied rates on agricultural goods. Ghana has bound some selected agricultural goods, including milk and cream, eggs, tea, wheat, and oil cake at 15 percent. Nearly 99 percent of Ghana's tariffs on industrial goods are unbound at the WTO.

Consistent with the Economic Community of West African States (ECOWAS) Common External Tariff (CET), which is based on the 2022 Harmonized Commodity Description and Coding System (Harmonized System) nomenclature developed by the World Customs Organization, Ghana applies five tariff bands: (1) zero percent duty on essential social goods (*e.g.*, medicine); (2) 5 percent duty on essential commodities, raw materials, and capital goods; (3) 10 percent duty on intermediate goods; (4) 20 percent duty on consumer goods; and (5) 35 percent duty on certain goods that the Ghanaian Government elected to afford greater protection. Non-broken rice from the United States faces a 20 percent duty as it is generally classified as a “finished” or “consumer” good. The CET was slated to be fully harmonized by 2020, but, in practice, some ECOWAS Member States have maintained deviations from the CET beyond the January 1, 2020 deadline.

Though the Customs (Amendment) Act, 2020 (Act 1014) increased the import duty on vehicles and parts from between 5 percent and 20 percent to 35 percent on some specified vehicles such as passenger cars, sport utility vehicles, and light commercial vehicles, the regulations required for this to take effect have not been enacted. It also continues to have a complex tariff regime on automobiles and kits, and maintains a 65 percent differential in favor of domestically assembled vehicles. Ghana has not notified this proposed tariff change to the WTO.

Taxes

Imports are subject to a variety of taxes, fees, and charges in addition to tariffs. These include a 15.0 percent value added tax (VAT), a 2.5 percent Ghana Education Trust Fund Levy and a 2.5 percent National Health Insurance Levy. In principle, these taxes are chargeable on the value of goods and services produced or provided in Ghana, as well as on imports, but the government has largely failed to collect taxes from local businesses.

Like all ECOWAS countries, Ghana imposes a 1 percent ECOWAS levy on all goods originating from non-ECOWAS countries to finance the activities of the ECOWAS Commission and Community institutions. Ghana also imposes a 0.2 percent levy on imports from outside African Union (AU) Member States to fund its contribution to the AU.

Other taxes and charges have proliferated over the years. Under the Ghana Export-Import Bank Act, 2017, Ghana imposes a 0.75 percent levy on all nonpetroleum products imported in commercial quantities. The Special Import Levy (SIL) (Amendment) Act of 2025 (Act 1125) extended to 2028 the application of a 2 percent levy on most imports. Machinery and equipment listed under Chapters 84 and 85 of the Harmonized System are subject to a 1 percent SIL; petroleum products and fertilizers are exempt. The Ghana Shippers' Authority Act, 2024 (Act 1122) imposes a levy of 2 percent on the gross freight value of shipments by carriers.

Value-Added Taxes

Ghana applies a standard value-added tax (VAT) rate of 15 percent to most goods and services, including imports from the United States. Including the 2.5 percent National Health Insurance Levy (NHIL) and 2.5 percent Ghana Education Trust Fund (GET Fund) Levy, the effective rate is 20 percent. It rebates VATs on exports, including exports to the United States. Ghana does not have an established “*de minimis*” value for commercial imports, though non-commercial packages of “very low” value may be exempt at Customs’ discretion.

There are exceptions, however, as Ghana’s tax policy is zero rates on local textiles manufacturing (through late 2028) and sanitary pads, while exempting both local and imported essentials such as medicine, educational materials, and raw, unprocessed food items from the VAT and other taxes.

Non-Tariff Barriers

Import Bans/Restrictions

Ghana requires registration certificates for imports of food, cosmetics, pharmaceuticals, and agricultural goods.

Since 2014, Ghana has banned the importation of tilapia and has limited the issuance of import permits for corn, poultry, and poultry products, although the government no longer enforces a domestic purchase requirement as a condition for import.

Under the Customs (Amendment) Act, 2020 (Act 1014), imports of vehicles older than 10 years are prohibited. The implementation of the Act continues to be delayed.

Import Permits

In response to concerns about widespread illegal gold mining, in June 2025 Ghana announced a new import permit regime for excavators overseen by the Ministry of Transport. Before issuing the permit, the Ministry of Transport verifies the intended end-use of the equipment with the Minerals Commission (part of the Ministry of Lands and Natural Resources) and the Driver and Vehicle Licensing Authority (DVLA). Permits are to be granted to legitimate mining or construction operators with valid licenses. In practice, the issuance of those permits has been slow and lack transparency, with excavators failing to clear customs in a timely manner and resulting in significant demurrage for exporters and importers.

Foreign Exchange Restrictions

The Bank of Ghana's November 2022 restriction on foreign exchange support for "non-essential" imports was not formally rescinded but is no longer operative in practice, as the Bank of Ghana, since November 2025, has supplied foreign exchange across all sectors. With improved foreign exchange conditions, the Bank of Ghana has shifted from selective rationing to broad access under a regulated framework that guides how foreign exchange is accessed and used to maintain market stability. Under this new approach, the Bank of Ghana seeks to continue reserve accumulation and dampen "excessive" volatility in the foreign exchange market while allowing a market-based exchange rate. Smaller and informal importers without strong banking relationships or the capacity to meet strict documentation and compliance requirements face challenges accessing foreign exchange.

Customs Barriers and Trade Facilitation

Ghanaian customs practices and port infrastructure continue to present major obstacles to trade. Officials have introduced risk management approaches; however, the majority of imports are still subject to inspection on arrival. Anecdotal reports suggest between 60 percent to 80 percent of imports are still subject to physical inspection or scanning, causing delays. This is well beyond Ghana's announced goal of reducing inspections to roughly 10 percent of imports, based on risk, for agricultural products. Importers report erratic application of customs and other import regulations, lengthy clearance procedures, and corruption. The resulting delays contribute to unnecessary demurrage charges and product deterioration, resulting in significant losses for importers of perishable goods.

Although Ghana's Customs Act of 2015 (section 67) indicates that customs valuation should primarily be based on transaction value or the price actually paid or payable for goods imported into the country, in practice, U.S. stakeholders indicate that the Ghana Revenue Authority (GRA) often applies a benchmark to determine customs valuation for every imported product or uses the higher of the benchmark or the transaction value. The GRA Customs Technical Services Bureau (CTSB) uses a customs valuation database that includes data from customs valuation databases of various tax authorities from other countries. The GRA CTSB subscribes to these data on an annual basis. Data from these entities, together with the GRA's own data, are then used to determine the benchmark values. Although the GRA CTSB's customs valuation may address the concern about under-invoicing goods and under-collecting duties, a system of risk management to assess transaction value trends of imported goods can identify real under-invoicing, without imposing potential inaccurate benchmarking on all goods.

Imported vehicles in Ghana are subject to a customs examination fee of 1 percent. Section 60 of the Customs Act of 2015 indicates that valuation for purposes of the tariff and other duties and charges should be based on the first purchase price, then discounted by a fixed amount by age. In practice, to establish the customs value of imported vehicles, the GRA Customs Division uses a system of online vehicle identification number information and age-based value benchmarking for each vehicle. This system tends

to overvalue used vehicles, in particular. Imported used vehicles more than 10 years old incur an additional charge ranging from 12.5 percent to 20.0 percent of the cost, insurance, and freight value.

Ghana has not yet notified its customs valuation legislation to the WTO and has not yet responded to the Checklist of Issues that describes how the Customs Valuation Agreement is being implemented.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

High Risk Goods

Ghana classifies some imports as “high risk goods” (HRGs) that must be inspected to ensure they meet Ghanaian or international standards. Since January 2019, the Ghana Standards Authority (GSA) ceded Ghana’s responsibility of verifying a certificate of analysis or a certificate of conformance at Ghanaian ports to Bureau Veritas and Intertek. Under a process called the EasyPASS Program, either Bureau Veritas or Intertek, after satisfactory verification, issues an EasyPASS Certificate (certificate of conformity), which is used to facilitate customs clearance. While exporters pay fees ranging from 0.35 percent to 0.50 percent of the freight on board (FOB) to Bureau Veritas or Intertek, importers in Ghana are required to register with the GSA and pay an annual registration fee, ranging from \$20 to \$4,000, depending on the type of products they import. Upon arrival of goods at a port in Ghana, the GSA checks the validity of the EasyPASS Certificate before releasing a consignment for clearance.

The GSA classifies these HRGs into 11 broad groups (shifting inspection of food, cosmetics, and pharmaceutical and household chemical products to the Ghanaian Food and Drugs Authority), including toys, sports equipment, electrical appliances, and chemical products. U.S. stakeholders have found this classification system vague and confusing. According to GSA officials, they classify these imports as high risk because they pose “potential hazards,” although that phrase remains undefined in law or regulation.

Automobile Policy and Standards

In December 2019, Ghana established compulsory vehicle safety and emissions standards for both imported and locally-produced vehicles. Ghana’s standards were modeled broadly on the United Nations Economic Commission for Europe (UNECE) 1958 Agreement automobile standards. The GSA noted in the issued standards that it would accept and publish other applicable standards not listed as an amendment or revision after the establishment of their equivalence to the Ghana standards. Following U.S. advocacy with Ghana, the Ministry of Trade and Industry and the GSA incorporated amendments to include U.S. Federal Motor Vehicle Safety Standards self-certification and documentation from the U.S. Environmental Protection Agency. Effective January 1, 2021, all vehicle importers are required to register with the GSA and present a motor vehicle emissions report, a road worthiness test report from an agency approved by the GSA, and a certificate of conformity. In early 2022, Ghana notified the WTO of a new set of standards, a required vehicle safety inspection upon arrival, and other requirements specifically for used vehicles. Though Ghana Standard GS 4510:2022 requires a Certificate of Conformance (CoC) from the GSA, obtained via approved third-party inspectors like SGS Ghana before shipment, the GSA has not operationalized the scheme. The requirement involves preshipment inspection, condition reporting (on damage, status of keys, and lifespan of the tires), and electronic submission of results via GCNet (ICUMS) for customs clearance.

Sanitary and Phytosanitary Barriers

Ghana prohibits the importation of meat with a fat content by weight greater than 25 percent for beef, 25 percent for pork, 25 percent for mutton, and 15 percent for poultry.

GOVERNMENT PROCUREMENT

U.S. suppliers of goods and services face difficulties accessing the Ghanaian procurement market. Ghana's procurements are often awarded on a sole-source basis and lack clear timeframes and procedures. Guidelines that apply to current tenders open to international competitive bidding give a margin of preference of 7.5 percent to 20.0 percent to domestic suppliers of goods and services. On July 3, 2020, the Ghanaian Government issued a directive to public institutions to provide preferential treatment for the procurement of locally assembled vehicles. Despite the public procurement law, companies report that locally funded contracts lack full transparency. Foreign government-subsidized financing arrangements appear in some cases to be a crucial factor in the award of government procurements. Allegations of corruption persist in the tender processes across ministries.

Ghana is neither a Party to the WTO Agreement on Government Procurement (GPA) nor an observer to the WTO Committee on Government Procurement.

SERVICES BARRIERS

Data Localization

Article 89 of Ghana's 2025 draft Data Protection Act encourages data localization and provides that data localization may be required for data critical to the national defense, data used in national identity systems, and biometric, health, and children's data, which could include non-sensitive personal commercial data that U.S. industry relies on for its business operations.

INTELLECTUAL PROPERTY PROTECTION

Ghana is a member of many intellectual property (IP) treaties. Ghana has taken steps to update its IP laws, including by ratifying the African Regional Intellectual Property Organization (ARIPO) Arusha Protocol for the Protection of New Varieties of Plants in 2023. The Protocol came into force on November 24, 2024. Government officials periodically inspect import shipments and conduct raids on physical markets for counterfeit and pirated goods. However, concerns remain that IP enforcement activity is weak, and unreasonable delays in infringement proceedings discourage right holders from filing new claims in local courts. Small and medium-sized enterprises, including financial technology and payment companies, have expressed frustration with Ghana's IP environment, especially with respect to IP theft. In addition, more public education on IP is needed.

INVESTMENT BARRIERS

Ghana limits foreign participation in several sectors, including telecommunications, banking, fishing, mining, petroleum, and real estate. Foreign investors have expressed concerns about respect for contract sanctity in Ghana, including threats to abrogate contracts, unilateral changes to contract terms, and forced contract renegotiations with the government and its state-owned enterprises. While the government has made progress in resolving energy sector arrears in 2025, arrears remain for other U.S. companies in sectors such as telecommunications and logistics.

Mining

Pursuant to the Minerals and Mining Act, 2006, foreign investors are restricted from obtaining a small-scale mining license for mining operations of an area less than or equal to 25 acres (10 hectares). Non-Ghanaians may apply for industrial mineral rights only for projects involving an investment of at least \$10 million. In order to qualify for a mineral license, a non-Ghanaian company must be registered in Ghana, either as a branch office or a subsidiary incorporated under the Companies Act, 2019, or the Private Partnership Act, 2020. Ghana's system of royalties differentiates between large-scale mines and small-scale mines. Large-scale mines pay a 5 percent royalty while small-scale mines do not pay a royalty.

The Minerals and Mining Act mandates compulsory local participation, through which the government acquires a 10 percent equity stake in ventures at no cost. Ghana's Minerals and Mining (Local Content and Local Participation) Regulations, 2020, expanded specific provisions under the mining regulations that require mining entities to procure goods and services from local sources. Ghana's Minerals Commission periodically publishes an updated Local Procurement List. As of January 2025, this list is in its sixth edition and includes over 50 categories of goods and services subject to Ghanaian content requirements in government procurements. Some listed items include specific requirements, such as majority Ghanaian ownership and company management. U.S. stakeholders have raised concerns that the rigid requirements to use Ghanaian-owned contract mining companies restrict the ability of mining investors and operators to conduct the activity of mining themselves. In addition, the measures have already driven longstanding foreign suppliers of goods and services to the mining sector out of the market. U.S. investors and suppliers in the sector have also noted concerns that their stakeholder input, to the extent it was solicited, has not been taken into account in the development of these lists.

Oil and Gas

The oil and gas sector is subject to a variety of state ownership and local content requirements. The 2016 Petroleum (Exploration and Production) Act mandates local participation. All entities seeking petroleum exploration and development licenses in Ghana must create a consortium in which the state-owned Ghana National Petroleum Corporation (GNPC) holds a minimum 15 percent participating carried interest and a local Ghanaian firm or individual holds a minimum 5 percent interest. The GNPC has the option to acquire an additional participating interest as determined in the petroleum agreement. The interest of the local Ghanaian firm is not transferable to a foreign company.

The Petroleum Commission issues all licenses, but exploration licenses require additional approval by Parliament. Regulations specify in-country sourcing requirements with respect to goods, services, hiring, and training associated with petroleum operations—standards that many international companies describe as unattainable. These regulations also require mandatory local equity participation for all suppliers and contractors. The Minister of Energy must approve all contracts, subcontracts, and purchase orders above \$100,000 and has the authority to alter the requirements set by law for any specific contract. The criteria for the Minister's approval of local equity partners in commercial transactions remain unclear, which raises concerns of potential corruption and favoritism in the selection of local equity partners in government-approved concessions or contracts. Noncompliance with these regulations may result in a criminal penalty, including imprisonment for up to five years.

The Petroleum Commission applies registration fees and annual renewal fees on foreign oil and gas service providers, which, depending on a company's annual revenue, range from \$10,000 to \$150,000, compared to fees of \$8,000 to \$140,000 for local companies.

OTHER NON-MARKET POLICIES AND PRACTICES

Ghana does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Ghana markets from distortions and ensure a fair and secure trading relationship. Ghana has not entered into an Agreement on Reciprocal Trade that includes commitments to address distortions caused by such NMPPs. Ghana does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Ghana's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. Ghana does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Ghana's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Ghana an unfair advantage.

GUATEMALA

TRADE SUMMARY

The U.S. goods trade surplus with Guatemala was \$4.8 billion in 2025, a 3.3 percent increase (\$153.4 million) over 2024. U.S. goods exports to Guatemala totaled \$10.0 billion in 2025, up 3.2 percent (\$310.1 million) from 2024. U.S. goods imports from Guatemala totaled \$5.2 billion in 2025, up 3.1 percent (\$156.7 million) from 2024. Total U.S. goods trade (exports plus imports) with Guatemala was an estimated \$15.2 billion in 2025. Guatemala was the 35th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Guatemala was \$1.3 billion in 2025, a 16.5 percent increase (\$178 million) over 2024. U.S. services exports to Guatemala totaled \$2.9 billion in 2025, up 12.8 percent (\$326 million) from 2024. U.S. services imports from Guatemala totaled \$1.6 billion in 2025, up 10.1 percent (\$148 million) from 2024. Total U.S. services trade with Guatemala was an estimated \$4.5 billion in 2025. Guatemala was the 49th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

Dominican Republic–Central America–United States Free Trade Agreement

The Dominican Republic–Central America–United States Free Trade Agreement (CAFTA–DR) entered into force for the United States and El Salvador on March 1, 2006, for Honduras and Nicaragua on April 1, 2006, for Guatemala on July 1, 2006, for the Dominican Republic on March 1, 2007, and for Costa Rica on January 1, 2009. The United States and other CAFTA–DR countries meet regularly to review the implementation and functioning of the Agreement and to address outstanding issues.

United States–Guatemala Agreement on Reciprocal Trade

On January 30, 2026, the United States and Guatemala signed the Agreement Between the United States of America and the Republic Guatemala on Reciprocal Trade (ART). The ART will enter into force five days after the date on which the Parties exchange written notifications certifying completion of their applicable legal procedures or on such other date as the Parties may agree. This NTE Chapter includes an illustrative set of the ART provisions that address identified barriers. The United States will closely monitor implementation of the ART.

IMPORT POLICIES

Tariffs

As a member of the Central American Common Market, Guatemala applies a harmonized external tariff on most items at a maximum of 15 percent, with some exceptions. However, under the CAFTA–DR, as of January 1, 2015, U.S. non-agricultural goods enter Guatemala duty free.

In addition, nearly all U.S. agricultural exports enter Guatemala duty free under the CAFTA–DR. Guatemala eliminated its tariffs on rice on January 1, 2023, and eliminated tariffs on dairy products on January 1, 2025. For certain agricultural products, tariff-rate quotas (TRQs) permit duty-free access for specified quantities during a tariff phaseout period, with the duty-free quantities expanding during that period. Guatemala will liberalize trade in white corn through continual expansion of a TRQ, rather than the reduction of the out-of-quota tariff. Guatemala is required under the CAFTA–DR to make TRQs

available on January 1 of each year. Guatemala monitors its TRQs through an import licensing system, which the United States carefully tracks to ensure the timely issuance of these permits.

Taxes

Guatemalan tax law requires that some companies that purchase goods and services from other companies withhold 15 percent of the value-added tax (VAT) paid. Companies subject to this VAT withholding can seek refunds for the VAT credit that they cannot offset after two years. On November 18, 2025, the Guatemalan Congress approved the Law for Facilitating Compliance in Tax Refunds (Decree 17-2025), which seeks to simplify and expedite tax refund requests, including uncredited VAT withholdings.

Value-Added Taxes

Guatemala applies a standard VAT rate of 12 percent to most goods and services, including U.S. exports to Guatemala. Guatemala rebates the VAT on exports, including exports to the United States.

Imports of movable goods are VAT-exempt for cooperatives, entities under the temporary import regime, and diplomatic missions with reciprocal agreements. Other exemptions include retail sales of fresh foods in local markets, provided each transaction does not exceed GTQ 100 (approximately \$13), as well as the purchase and sale of registered generic and natural alternative medicines.

Under the ART, Guatemala has agreed to refrain from imposing any VAT that discriminates against U.S. companies.

Non-Tariff Barriers

Customs Barriers and Trade Facilitation

U.S. companies have raised concerns that Guatemala's Tax Authority (SAT) uses an inaccurate reference price database to determine the value of imported goods, erroneously applies database values as minimums rather than as a reference, and compares imports to dissimilar products in the database. Furthermore, when the SAT investigates declared values, the review process often results in detaining the imported product for 20 days or more. In 2022, the U.S. Government engaged with the Guatemalan Government to help introduce an automated system to provide more transparency and help clear shipments more quickly on bond. However, this automated system has not been implemented. As of December 31, 2025, clearance was completed in less than 48 hours, but the value appeals continued to involve a lengthy, opaque process that has lasted up to four years in some cases.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Guatemala requires product registration for food products (*e.g.*, dairy products) from every importer, as well as for animal feed and pet food. Importers are required to submit necessary documents to the Ministry of Public Health and Social Assistance (MSPAS) and receive approval before products are sold into the market, even if another importer has already registered that product. Stakeholders have raised concerns that the process is burdensome and can delay the importation process by months. In June and November 2025, the United States engaged with Guatemala on the margins of the WTO Committee on Technical Barriers to Trade meetings to clarify issues with processed food product registration, including an outage

of the MSPAS online product registration system, and to understand the scope of products that require registration in the system under Guatemala's implementation of the Regional Technical Regulation for processed food registration. Through U.S. Department of Agriculture technical assistance, MSPAS's product registration system is now back online and registration delays have been significantly reduced. Under the ART, the United States continues to engage with Guatemala to ensure that all product registration requirements are clear and publicly available. Guatemala has agreed to expediting product registration for U.S. exports.

For healthcare products, while Guatemala recognizes U.S. technical certification from the U.S. Food and Drug Administration (FDA), it requires additional assessment from its Ministry of Health before issuing a commercial license or registration. As a result, U.S. companies have to wait up to one year to receive this approval. Under the ART, Guatemala has agreed to accept the FDA's approvals as sufficient evidence for approval to the Guatemalan market without additional requirements.

Sanitary and Phytosanitary Barriers

In response to a U.S. Government request for more transparent quarantine protocols at ports, in 2021 the Guatemalan Ministry of Agriculture, Livestock and Food (MAGA) published Ministerial Decree 57-2021, which establishes official quarantine protocols for plant and animal health. In addition, in response to industry complaints that quarantine inspections break the cold chain, the Intraregional Organization for Plant and Animal Health (OIRSA), to which the MAGA delegates quarantine inspection and fumigation services, now also conducts inspections within refrigerated spaces at Quetzal Port and Santo Tomas Port. Stakeholders report that OIRSA's inspections and fumigations of imported fresh produce do not appear to be science-based, and cause significant delays and excessive demurrage costs. Under the ART, Guatemala has agreed to ensuring inspections of U.S. exports are based on science and risk.

Guatemala approved a science-based regulation, in 2019, for cultivation of genetically engineered plants, harmonizing its regulation with Honduras and El Salvador under the Central American Integration System. Guatemala treats genome-edited plants as conventional, but genetically engineered products must undergo review by the National Biosafety Committee. Companies started submitting requests in 2021, with two approvals granted in that same year. However, from March 2022 to November 2025, the MAGA did not process any further applications. In November 2025, the MAGA's regulatory office reportedly started reviewing submissions in the order they were re-entered into the system starting at that time. Under the ART, Guatemala has agreed to maintaining science- and risk-based regulatory frameworks for biotechnology authorizations.

GOVERNMENT PROCUREMENT

Government institutions have been required to use the electronic government procurement system, GUATECOMPRAS, to track Guatemalan Government procurement processes since March 2004. Although GUATECOMPRAS initially improved the efficiency and transparency of government tendering processes, U.S. suppliers have expressed reluctance to bid on Guatemalan public procurement tenders because of corruption in procurement. In addition, foreign suppliers must appoint a national representative to represent the interest of the company in Guatemala.

Guatemala requires public awards to be given to the lowest bidder. The United States has provided technical assistance to the Guatemalan Government to develop a proposed reform to its public procurement legislation to reflect the international best practice of using value for money as an evaluation criterion and to include measures that ensure these principles are implemented by regulatory, contracting, and auditing institutions throughout the procurement lifecycle to minimize corruption and ensure transparency. The

proposed reform is under review in Guatemala's Congress. Under the ART, Guatemala has agreed to cooperate on government procurement and to take steps to restrict access to central level procurement covered by its free trade agreement commitments for suppliers from non-free trade agreement partners, permitting exemptions as necessary, in a manner comparable to the United States' procurement restrictions.

Guatemala is neither a Party to the WTO Agreement on Government Procurement (GPA) nor an observer to the WTO Committee on Government Procurement. Guatemala has binding international procurement obligations under the CAFTA–DR.

INTELLECTUAL PROPERTY PROTECTION

Guatemala remained on the Watch List in the [2025 Special 301 Report](#). Although the country generally has a strong legal framework, concerns remain. Intellectual property (IP) enforcement activities remain limited and appear inadequate in relation to the scope of the problem due to resource constraints and poor coordination among law enforcement agencies. The production and sale of counterfeit apparel with little interference or deterrence from law enforcement continues to be a significant concern. Other concerns include the production and sale of counterfeit pharmaceuticals, as well as government use of unlicensed software. Major cable television providers and content distributors agreed in 2018 not to renew contracts to rebroadcast U.S. network signals due to signal piracy of U.S. broadcasted networks. However, cable signal piracy remains a problem, and online piracy through Internet Protocol Television services is also a concern. The United States continues to urge Guatemala to ensure that its IP enforcement agencies receive sufficient resources and to strengthen enforcement, including with respect to criminal prosecution, administrative and border actions, and intergovernmental coordination to address widespread copyright piracy and commercial-scale sales of counterfeit goods. Under the ART, Guatemala has made commitments that will benefit American innovators and creators by enhancing IP protection and prioritizing enforcement against IP theft. This includes joining and fully implementing key international IP treaties and addressing issues identified in the 2025 Special 301 Report, including enhancing cooperation among enforcement agencies, increasing criminal prosecutions of IP cases, increasing enforcement actions against IP infringement or misappropriation, and devoting sufficient resources to ensure effective IP enforcement. Guatemala has also agreed to robust standards for transparency and fairness regarding the protection of geographic indications (GIs) and to ensure that U.S. products can continue using terms that have been unfairly protected as GIs.

SERVICES BARRIERS

Professional Services

Foreign enterprises may provide licensed professional services in Guatemala only through a contract or other relationship with an enterprise established in Guatemala. Additionally, public notaries must be Guatemalan nationals.

INVESTMENT BARRIERS

A number of U.S. companies operating in Guatemala complain that complex and unclear laws and regulations and inconsistent judicial decisions effectively operate as barriers to investment.

OTHER NON-MARKET POLICIES AND PRACTICES

Guatemala does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Guatemalan markets from distortions and ensure a fair and secure trading

relationship. Under the ART, Guatemala has agreed to provisions to address distortions caused by such NMPPs. However, Guatemala does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Guatemala's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. Guatemala does not yet have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Guatemala's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Guatemala an unfair advantage.

Under the ART, Guatemala has agreed to address various labor-related concerns that the United States has raised and to implement a ban on the importation of goods produced with forced or compulsory labor.

ENVIRONMENT

Illegal Logging and Associated Trade

Trade in illegally harvested timber puts U.S. companies that comply with environmental laws at an unfair disadvantage, funds transnational criminal organizations, and harms the environment and local communities. Illegal logging also depresses global wood prices, potentially further disadvantaging U.S. producers. Stakeholders have expressed concerns about illegally harvested timber from, or transported through, Guatemala, which is facilitated by lax enforcement of environmental laws, corruption, and lack of enforcement and management capacity. Illegal logging in Guatemala is of particular concern along its border with Mexico, where the logging targets rosewood, a species protected under the Convention on International Trade in Endangered Species of Wild Fauna and Flora Appendix II. Under the ART, Guatemala has agreed to address concerns regarding illegal logging and associated trade.

OTHER BARRIERS

Bribery and Corruption

The CAFTA–DR contains public sector anti-bribery commitments and anticorruption measures in government contracting, designed to ensure that U.S. firms are guaranteed a fair and transparent process to sell goods and services to a wide range of government entities. U.S. stakeholders have expressed concerns that corruption in Guatemala constrains investment.

Historically inefficient inspection processes at Guatemala seaports and air cargo facilities have presented an acute corruption risk that impedes U.S. imports. Three Guatemalan Government entities (the Ministry of Governance, the SAT, and the MAGA) have the authority to inspect imports and exports, in addition to a separate United Nations program, the UCC (Container Control Unit). These units operate independently from the other operating authorities at ports, resulting in repeated inspections and opportunities for corruption. Importers have expressed concern that inspectors are afforded unchecked discretion as to which shipments they inspect, and that inspections are not integrated into existing inspection processes, resulting in additional delays at already busy ports.

In response to these risks and inefficiencies, Guatemala signed a Container Security Initiative agreement with the U.S. Department of Homeland Security Customs and Border Protection in June 2025 and is working to consolidate seaport and air cargo inspections under the in-country Trade Facilitation Task Force (TFTF). TFTF is now operating with CBP technical assistance at Guatemala's two major seaports and main air cargo facility. However, the Ministry of Governance, the MAGA, and the SAT retain the independent authority to inspect cargo which is a challenge to efforts to consolidate inspection authority and presents continuing potential opportunities for corruption.

GULF COOPERATION COUNCIL

The Gulf Cooperation Council (GCC) comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia , and the United Arab Emirates (UAE).

TRADE AGREEMENTS

Free Trade Agreements

The United States–Bahrain Free Trade Agreement (FTA) entered into force on August 1, 2006. Under the FTA, as of January 1, 2015, Bahrain provides duty-free access to all U.S. exports.

The United States–Oman FTA entered into force on January 1, 2009. Under this Agreement, as of January 1, 2019, Oman provides duty-free access to all U.S. exports.

Trade and Investment Framework Agreements

The United States and the GCC as a group signed a TIFA in September 2012. This Agreement is the primary mechanism for discussions of trade and investment issues between the United States and the GCC.

The United States and Kuwait signed a Trade and Investment Framework Agreement (TIFA) in February 2004. This Agreement is the primary mechanism for discussions of trade and investment issues between the United States and Kuwait.

The United States and Qatar signed a TIFA in March 2004. This Agreement is the primary mechanism for discussions of trade and investment issues between the United States and Qatar.

The United States and Saudi Arabia signed a TIFA in July 2003. This Agreement is the primary mechanism for discussions of trade and investment issues between the United States and Saudi Arabia.

The United States and the UAE signed a TIFA in March 2004. This Agreement is the primary mechanism for discussions of trade and investment issues between the United States and the UAE.

IMPORT POLICIES

Tariffs

GCC Member States apply an *ad valorem* Common External Tariff (CET) of 5 percent on the value of most imported products, with several commodity-specific exceptions discussed below.

Kuwait: Exceptions include 417 basic foodstuffs, agricultural, medical, and pharmaceutical items, which are exempt from customs duties.

Qatar: Exceptions include more than 800 goods, including certain food staples, some pharmaceuticals, and specific machine parts. Pork, tobacco, and alcohol are subject to a 100 percent tariff. Urea and ammonia are subject to a 30 percent tariff, steel and iron to a 20 percent tariff, and musical instruments to a 15 percent tariff.

Saudi Arabia: Applied tariff rates range from 6.5 percent to 40.0 percent on goods that compete with domestic industries. In June 2022, Saudi Arabia's Zakat, Tax, and Customs Authority increased customs duties on 99 products, primarily foodstuffs, beverages, and industrial and agricultural products. The increased tariff rates range from 5.5 percent to 25.0 percent. Since July 2021, preferential market access under the GCC tariff agreements no longer applies to goods made in free trade zones or using Israeli inputs.

United Arab Emirates: Exceptions include 811 items that are exempt from customs duties, including imports by philanthropic societies and the diplomatic corps, military goods, personal goods, used household items, gifts, and returned goods.

Taxes

In 2016, GCC Member States agreed to introduce common GCC excise taxes on products including carbonated drinks (50 percent) and energy drinks (100 percent). In 2019, the excise tax was expanded to include all sweetened drinks (50 percent). In October 2025, GCC Member States amended the excise tax regime to implement a tiered-volumetric excise tax for sweetened beverages that exempts drinks without added sugar and those that are artificially sweetened. Industry stakeholders remain concerned with the GCC decision to maintain the 100 percent excise tax on energy drinks, irrespective of the sugar content, which is inconsistent with the approaches of regulatory authorities worldwide and does not appear to have a scientific basis.

Bahrain

Bahrain announced an increase in excise taxes levied on carbonated beverages, part of a comprehensive package of fiscal reforms aimed at strengthening public finances.

Kuwait

Kuwait introduced legislation to implement the common GCC excise taxes in the National Assembly in 2018. The legislation remained under debate until the Amir suspended the National Assembly on May 10, 2024. As of December 31, 2025, the Cabinet had not taken any action to implement the legislation.

On December 31, 2024, the Kuwaiti Cabinet issued Decree-Law No. 157 of 2024, promulgating the Multinational Entity Group Tax Law. The law implements a Domestic Minimum Top-Up Tax (DMTT), with an effective tax rate (ETR) of 15 percent imposed on multinational enterprises (MNEs) in Kuwait. The legislation is aimed at diversifying the source of revenues for the State of Kuwait and preventing tax leakage on Kuwait-sourced profits.

Oman

Oman implemented the common GCC excise taxes, as well as a 100 percent tax on pork and tobacco products in 2019.

In June 2019, Oman introduced an excise tax on alcoholic beverages, carbonated beverages, energy drinks, tobacco, and tobacco derivatives. The scope of this tax was widened to include all sugar sweetened beverages (SSBs) in October 2020. In 2022, the Oman Tax Authority (OTA) issued new regulations (Ministerial Decision No. 21/2022) that would require these products to have a Digital Tax Stamp (DTS) in order to prevent smuggling and identify illicit goods. The first phase of the DTS began in April 2022 focusing on cigarettes. In May 2023, OTA extended the DTS scheme to carbonated beverages, energy drinks, and other SSBs. Following U.S. engagement, OTA suspended the expansion of the DTS in September 2023. U.S. carbonated beverage producers have expressed concern that the requirement to apply a DTS would increase

operational and production costs as it requires companies to invest in new technology and equipment, including scanners, to maintain access to a relatively small market.

In October 2024, without having addressed any of the specific concerns raised by U.S. stakeholders, OTA announced plans to revive the DTS system on carbonated beverages, energy drinks, and SSBs, beginning customs enforcement on January 31, 2025, and local enforcement on April 30, 2025. Further concern from the United States and the beverage industry led OTA to postpone customs and local enforcement until June 1, 2025, and August 1, 2025, respectively. Additionally, OTA removed non-carbonated SSBs but added alcohol to the scope of the measure. On July 30, 2025, OTA announced that it would further postpone domestic enforcement on carbonated beverages, energy drinks, and other excise beverages (excluding sweetened beverages) to November 1, 2025. However, customs enforcement and local enforcement on alcoholic beverages began on June 1, 2025, and August 1, 2025, respectively. Oman only notified this measure to the World Trade Organization (WTO) Committee on Technical Barriers to Trade (WTO TBT Committee) on October 9, 2025.

In July and August 2025, importers reported that multiple containers of U.S. alcoholic beverages had been detained in customs. Importers were informed that they were required to apply the DTS in a free trade zone, which would change the consignee of record and nullify the duty-free status afforded to U.S. alcohol exports under the U.S.–Oman FTA. OTA and the Royal Oman Police Customs eventually allowed alcohol importers to move products to their current facilities, maintain duty-free status, and apply stamps until April 1, 2026. Omani officials have since informed alcohol importers that they could establish a bonded warehouse at their respective facilities in order to apply the digital tax stamp and maintain duty-free status, instead of doing so in a free trade zone. On December 23, 2025, OTA postponed until further notice implementation of the DTS for all beverages other than energy drinks and alcoholic beverages.

Qatar

Qatar implemented the common GCC excise taxes in January 2019.

Saudi Arabia

On October 8, 2025, Saudi Arabia introduced proposed amendments to the Executive Regulations of the Excise Tax Law that would institute a tiered-volumetric excise tax for sweetened beverages.

The United Arab Emirates

On September 11, 2025, the UAE's Federal Tax Authority announced amendments to change to a tiered-volumetric excise tax for sweetened beverages. Under the new rule, which took effect on January 1, 2026, the excise tax will now be calculated based on the total sugar content (natural, added, and other sweeteners) per volume of the drink. The new rule exempts certain beverages such as drinks with only naturally occurring sugars, energy drinks, and other listed beverages. Drinks are categorized into four tiers: high sugar (≥ 8 grams per 100ml), moderate sugar (≥ 5 and < 8 grams per 100ml), low sugar (< 5 grams per 100ml), and drinks containing only artificial sweeteners. In the UAE, high sugar drinks are taxed at 1.09 UAE dirham per liter, moderate sugar drinks are taxed at 0.79 dirham per liter, and low sugar drinks and drinks that contain only artificial sweeteners are exempted.

Value-Added Taxes

Bahrain

A value-added tax (VAT) was introduced in Bahrain on January 1, 2019, at a standard rate of 5 percent on all supplies and imports of goods and services, with limited exceptions on some goods and services (such as zero-rated supplies and exempt goods). As of January 1, 2022, the standard VAT rate was amended to 10 percent. Exports of goods to the United States are generally subject to VAT at the zero rate, provided the conditions under the VAT Law and its Executive Regulations are satisfied. In accordance with the current practice applied by Bahrain Customs Affairs, imported goods with a value of BHD 300 (approximately \$750) or less are generally exempt from VAT at the time of import. Certain sectors and goods and services are exempt (or zero-rated) from VAT in Bahrain. These include, subject to the conditions set out in the VAT Law and its Executive Regulations: basic food, education, healthcare, veterinarian medical goods, financial services, oil and gas, construction of new buildings, real estate, and transportation services.

Oman

In Oman, a VAT is generally levied at a standard rate of 5 percent on most goods and services supplied domestically or imported, including consumer goods, commercial services, restaurants, hotels, telecommunications, and professional services. However, certain supplies are zero-rated, meaning no VAT is charged but businesses may recover input tax; these include specified basic food items (as listed by ministerial decision), medicines and medical equipment, exports of goods and services, international transport, investment precious metals, and certain oil and gas supplies. Other categories are exempt (no VAT charged and no input tax recovery), including healthcare and education services, many financial services, local passenger transport, and the sale or rental of residential property and empty land. Unless a supply is specifically listed as zero-rated or exempt under Omani VAT law, it is subject to the 5 percent standard rate. Additionally, VAT is refundable primarily to VAT-registered businesses when the VAT they pay on business expenses exceeds the VAT they collect from customers, while ordinary consumers generally cannot claim refunds.

Saudi Arabia

Saudi Arabia applies a 15 percent tax to most imported goods and services, including exports from the United States. Saudi exports (including those imported to the U.S.) have a zero VAT rate. Personal goods imported into Saudi Arabia by travelers valued at less than SAR 3000 (approximately \$789) are exempt from the VAT.

The United Arab Emirates

The UAE applies a standard VAT rate of 5 percent to most goods and services, including U.S. exports to the UAE. Import VAT is recoverable only by VAT-registered businesses using the goods for taxable activities by reporting import VAT through the Federal Tax Authority's filing system. Registration is optional for businesses making less than AED 375,000 (approximately \$101,351) in annual taxable income, and registration is not required for businesses with annual taxable income below approximately \$51,000. The law exempts financial services and certain non-tradable goods and applies a zero rate on precious metals, medical and educational goods, and exports of goods and services to countries outside the GCC.

U.S. industry continues to seek reimbursement for claims related to the UAE's VAT on goods and services dating back to January 2019. U.S. defense contractors are exempt from the 5 percent VAT on goods and services provided to the U.S. military in the UAE, as stipulated in the bilateral Defense Cooperation

Agreement. The UAE has stated it will provide a one-time retroactive reimbursement once all U.S. defense contractors have provided their comprehensive updates to the UAE Federal Tax Authority database. Per the Federal Tax Authority database, all future reimbursements will be made quarterly according to a bilaterally approved list that will be updated annually.

Non-Tariff Barriers

Import Bans/Restrictions

Kuwait

Kuwait prohibits the importation of a range of goods, including used medical equipment, automobiles more than ten years old, and products containing alcohol or pork.

In October 2024, Kuwait notified the WTO of a new regulation regarding biodegradable plastic in industrial products.

Oman

In 2023, Oman banned the import of single use plastic bags. Media imports to Oman are subject to government censorship for morally or politically sensitive material. The Ministry of Information delays or bans publications of content it deems morally suspect or politically sensitive.

Saudi Arabia

Saudi Arabia prohibits the importation of 37 categories of products, including alcohol and pork products.

The United Arab Emirates

The UAE bans the importation of publications and artwork that contradict or challenge Islamic teachings and values. Gambling tools and machines can only be imported via licensed vendors.

In May 2025, UAE Ministry of Climate Change and Environment issued a decree banning the export and dealing with the veterinary substances that contain dipyrone and metamizole for animals used in food production, and a decision on banning the import, dealing with, and registering polymyxin E in the veterinary sector. In June 2025, Abu Dhabi banned some styrofoam products as part of a drive to tackle plastic pollution across the emirate, including disposable cups, lids, plates, and takeaway containers made using expanded polystyrene. Styrofoam items exempt from the ban include those that are not designed to be single use, including large storage boxes and coolers; trays used for meat, fruit, ready-made dairy products; other food items sold in shops; and products designed for medical use.

Import Licensing

Kuwait

Kuwait maintains an import licensing regime for a wide variety of products. Importers of products subject to import licensing must be citizens of Kuwait or be Kuwait-based brokers and are required to register with the Ministry of Commerce and Industry.

Oman

In Oman, importers of food and agricultural commodities are required to obtain an import permit prior to shipping the product from the country of origin. Companies must obtain a special license for the importation of certain products, including alcohol, livestock, and poultry. The process of obtaining a license can be complicated, significantly adding to the time it takes to import goods.

Qatar

Qatar requires an import license for the importation of most products, mainly livestock, plants, and fish products that fall under the jurisdiction of the Ministry of Municipality and the Ministry of Public Health. The Qatari Government issues import licenses to Qatari citizens and Qatari partners in limited liability companies registered with the Ministry of Commerce and Industry. Only authorized local agents of foreign firms are allowed to import goods produced by the firms they represent. In the telecommunications sector, commercially registered companies in Qatar can import telecommunications equipment by obtaining an Import Authorization License from the Communications Regulatory Authority. The Qatar Distribution Company, a subsidiary of the national air carrier Qatar Airways, retains sole authority to import pork, pork products, and alcoholic beverages.

Saudi Arabia

Saudi Arabia requires special approval for the importation of 23 categories of restricted products, including agricultural seeds and wireless communications equipment.

The United Arab Emirates

In the UAE, only UAE-registered companies can obtain licenses to import goods. This licensing requirement does not apply to goods imported into free trade zones. Importation of certain goods for personal consumption also does not require an import license.

Import Documentation Requirements

Kuwait

Kuwait requires an original health certificate or certificate of free sale, issued by a competent official authority in the country of origin, for all imported food, cosmetics, and pharmaceuticals (Ministerial Decree 6/2023). Certificates must be certified by the Kuwaiti Public Authority for Food and Nutrition or the Ministry of Health; those issued by manufacturers, chambers of commerce, traders, or any other non-governmental entities are not accepted. The certificate must be dated after the production date and before the shipping date. If the certificate covers multiple food items, a packing list must be attached, and the certificate should reference the packing list number. A certificate of free sale issued by U.S. states must include a statement confirming that the product is “fit for human consumption.”

As of December 31, 2025 Kuwait had not notified the WTO of Ministerial Decree 6/2023 issued in May 2023 updating regulations for imported food. The United States and other trading partners officially requested that the Kuwaiti Government notify the WTO, delay the implementation date, and allow WTO Members to submit comments.

Qatar

In order to clear goods from customs zones at air and seaports in Qatar, importers must submit a detailed customs declaration, a bill of lading, a certificate of origin, and, for regulated products, an import license. The Qatari Embassy, a Qatari consulate, or the Qatari Chamber of Commerce in the United States must authenticate import documentation for U.S.-origin imports. This consularization process, or authentication requirement, has been cited by U.S. industry as an administrative burden. Qatar's customs authority may impose fines or refuse clearance if the invoice is not legalized by the Qatari Embassy, Consulate, or Chamber of Commerce in the country of origin. Imported agricultural products require different certificates depending on the category of the product. Meat, fish, eggs, livestock, live poultry, grains, animal feed, and planting seeds require an original health certificate. All processed or shelf-stable foods exported from the United States to Qatar require a U.S. Food and Drug Administration (FDA) Certificate to a Foreign Government. Industry representatives have also complained about the limited transparency of changes to Qatar's customs procedures, particularly the lag in Arabic to English translation of updated regulations.

The United Arab Emirates

The UAE requires that documentation for all non-agricultural products imported from the United States be authenticated by the Embassy of the UAE in the United States, including delivery orders from the shipping or line agents, original supplier commercial invoices, certificates of origin, and packing lists. U.S. stakeholders report that this consularization requirement is burdensome and costly.

Customs Barriers and Trade Facilitation

Kuwait

Kuwait does not use a risk management system for clearing food shipments for import, instead requiring customs authorities to inspect every food shipment into Kuwait before it is cleared for entry. This process can add several days to the delivery time, reduce the longevity of the food, and increase costs.

Kuwait notified its customs valuation legislation to the WTO in December 2007, but has not yet responded to the WTO Checklist of Issues describing how the Customs Valuation Agreement is being implemented.

Kuwait ratified the WTO Trade Facilitation Agreement (TFA) in April 2018. On June 16, 2025, Kuwait submitted its four transparency notifications related to: (1) import, export, and transit regulations; (2) the use of customs brokers; (3) customs contact points for the exchange of information; and (4) details on the operation of the single window. The first two notifications were due to the WTO on February 22, 2017, and the remaining two notifications were due to the WTO on June 30, 2022, according to Kuwait's self-designated TFA implementation schedule.

Oman

Companies importing U.S. goods into Oman occasionally report difficulties in demonstrating eligibility for preferential tariff treatment under the FTA for goods that enter Oman over land via the UAE. They report that Royal Oman Police Customs Directorate inconsistently applies requirements for origin marking, segregation of FTA cargo, and other documentation.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Saudi Arabia

Saudi Arabia's technical regulations for a variety of products reflect a preference for standards developed by the International Organization for Standardization and the International Electrotechnical Commission. Saudi Arabia has been increasingly reluctant to accept other international standards that may meet or exceed Saudi Arabia's regulatory objectives, including those developed by U.S.-domiciled standards development organizations through open, transparent, and consensus-based processes. Saudi Arabia's refusal to accept these other international standards, which are often used by U.S. manufacturers, creates significant market access restrictions for certain industrial and consumer products exported from the United States, including personal protective equipment and clothing, automobiles, and appliances.

The United States continues to encourage Saudi Arabia to develop and implement effective mechanisms for stakeholder consultation in regulatory decision-making to help ensure that interested parties have opportunities to provide comments on draft regulations and to provide reasonable time for those comments to be considered. U.S. manufacturers have noted the importance of such consultations as Saudi Arabia develops and implements Corporate Average Fuel Economy (CAFE) regulations, as well as new regulations for vehicles and vehicle parts and a variety of consumer and industrial products.

The United Arab Emirates

On May 22, 2025, the UAE notified the WTO of the UAE's draft National Guide to the Registration of Regulatory Authorities and Food Establishments Outside the United Arab Emirates. UAE officials have explained that the purpose of this guide is to outline the procedures and trading practices followed by foreign food establishments exporting food products to the country. While the guide has not been implemented, the proposed procedures would be implemented through the official regulatory authority responsible for food safety in the country of origin/export. UAE officials have further explained that the guide aims to achieve certain objectives including ensuring the safety and quality of food exported to the country and assessing the compliance of foreign establishments with the requirements of regulatory authorities and applicable food safety standards.

The product scope includes meat and meat products, fish, aquatic life and its products, milk and its products, table eggs and its products, honey and bee products, vegetables and fruits, and grains and agricultural crops. Both the regulatory authority responsible for food safety and all food establishments that manufacture these products are required to answer a long list of questions provided in two questionnaires that were annexed to the guide, one for the regulatory authority responsible for food safety at country of origin and the other for the food establishments that want to export to UAE.

Automobiles

U.S. automakers have raised concerns over growing regulatory fragmentation in the GCC. While the Gulf Standardization Organization (GSO) is supposed to set standards for the entire GCC market, individual GCC Member States have instituted unique standards for automobiles that deviate from GCC automobile standards. U.S. automakers have raised concerns that potential changes to GSO automobile safety standards could result in GCC Member States solely adopting standards developed under the United Nations Economic Commission for Europe (UNECE) 1958 Agreement regulations, which may ultimately lead to

reduced sales of certain vehicle types in the GCC, the third largest export market for U.S. automakers. The United States monitors this issue across GCC Member States.

Saudi Arabia

In recent years, Saudi Arabia had moved away from its historical systemic recognition of U.S. Federal Motor Vehicle Safety Standards (FMVSS), instead either solely adopting standards developed under the UNECE 1958 Agreement for which there are no FMVSS counterparts, or developing unique Saudi standards that combine elements from different standalone international standards (FMVSS and UNECE), thereby making it highly challenging for any motor vehicle to meet. For example, Saudi Arabia adopted a UNECE low rolling resistance tire regulation that effectively excludes tires needed for certain U.S. sport utility vehicles and pickup trucks sold in the Middle East. Saudi Arabia's new electric vehicle certification likewise is based only on UNECE regulations.

To address U.S. concerns, on November 17, 2025, the United States and Saudi Arabia signed an agreement through an exchange of letters ensuring that Saudi Arabia continues to recognize that motor vehicles and parts complying with FMVSS fully meet Saudi Arabia's motor vehicle safety requirements. The United States is engaged with the other GCC Member States to seek similar commitments.

While Saudi Arabia has largely adopted U.S. CAFE standards, the country's draft CAFE regulation does not contain certain flexibilities used in the U.S. program, which may ultimately lead to reduced sales of certain vehicle types in Saudi Arabia, one of the largest export markets for U.S. automakers.

The United Arab Emirates

U.S. automakers also raised concerns about implementation challenges of the UAE Emergency Call (eCall) and Digital Audio Broadcasting (DAB+) requirements. The UAE requires full integration of DAB+ radio, an expensive feature, but the UAE does not have any active DAB+ broadcast stations. The UAE also has its own electric vehicle regulations, including new local certification requirements, which are not consistent with regulations developed by the GSO.

Conformity Assessment Procedures on Hazardous Substances

In March 2018, GCC Member States notified the WTO of a draft GSO technical regulation that would establish the rules for the conformity assessment of certain hazardous substances in electrical goods. The measure deviates significantly from common international practice—which typically requires a supplier's declaration of conformity (SDoC)—by requiring pre-market third-party conformity assessment, and certification from a list of approved accredited bodies. The draft regulation also requires each type of good to be registered annually with the GSO. The United States raised concerns that the proposed GCC regulatory requirements establish procedural requirements that are far more burdensome and costly than other markets regulating the same goods and may dissuade U.S. producers of these products from exporting to the region. The draft regulation has not yet entered into force, and does not make clear whether all of the GCC Member States would accept a single test result or how the measure would be transposed and applied across all Member States.

Saudi Arabia notified to the WTO its draft Technical Regulation for the Restriction of Hazardous Substances (RoHS) in December 2020, and subsequently published a revised version in the Official Gazette in July 2021. The regulation took effect for small household electrical items on July 4, 2022; implementation for other covered products will follow at scheduled intervals. A revised version of the regulation, published on July 29, 2022, offered additional flexibilities but does not fully address concerns

outlined in detailed comments from the U.S. Government and U.S. industry, or similar comments from other trading partners and global industry.

In 2023, the United States sought additional information from Saudi Arabia regarding the precise scope of the regulation, guidance on the process for testing whole equipment and critical components of a product, and clarity on the requirement for suppliers to attach information that may include confidential business information as a part of their technical file of supporting documentation. Subsequent guidance issued for the regulation has provided some flexibility in the ability of producers to satisfy certification requirements by submitting a Requester Declaration (SDoC).

Conformity Assessment and Marking Requirements

Saudi Arabia

In 2018, Saudi Arabia implemented the Saudi Product Safety Program and launched an online certification and conformity assessment process (Saber) for all imported goods entering Saudi Arabia. Saber covers both regulated and unregulated products. Importers of regulated products must use Saber to initiate a certification request. If the product receives a Product Certificate of Conformity (PCoC), the importer is then issued a Shipment Certificate of Conformity (SCoC). Products requiring PCoCs include detergents, building materials, paints, vehicle spare parts, lubricant oils, toys, and textiles. For unregulated products, the importer must use Saber to self-declare whether the product meets a voluntary standard and that the good can be imported into the Saudi market. Following this self-declaration, the importer will be issued a S-DoC. An increasing number of U.S. companies have expressed concerns with the new Saber platform, including undue delays, and inconsistencies in product testing fees and clearance processes. The United States has also asked for clarification from Saudi Arabia on how the program relates to GCC conformity assessment requirements.

The United Arab Emirates

The Emirates Conformity Assessment Scheme (ECAS) monitors industry compliance with UAE standards for goods to be sold in the country. The ECAS, initially notified the WTO in 2004, applies to items such as textiles, building materials, energy drinks, dairy, juice, honey, and organic products. In addition, obtaining the Emirates Quality Mark (EQM) is mandatory for bottled drinking water, natural mineral water, and ice for human consumption.

Halal Regulations

In 2020, GCC Member States notified the WTO of a draft GSO technical regulation establishing halal requirements and certification for animal feed. The U.S. animal feed, beef, and poultry industries have raised concerns that the technical regulation places additional requirements on U.S. suppliers without offering additional assurance of compliance. The United States has raised concerns with GCC Member States, noting the unprecedented and potentially trade restrictive nature of the measure. Each GCC Member State implements halal measures differently.

Kuwait

In 2024, Kuwait's Public Authority for Food and Nutrition updated the requirements for halal certifiers eligible to certify products for export to Kuwait. A halal certifier can be listed on Kuwait's approved list of certifiers if the certifier received approval from either the Gulf Accreditation Center plus one GCC country or from at least two GCC countries. Previously, halal certifiers only needed an approval from at

least one GCC country. The new requirements resulted in the delisting of some U.S. halal certifiers. The certificate also must be endorsed by a Kuwaiti Embassy or Consulate.

Oman

Oman requires a halal certificate from an approved halal certifier for each shipment of products of animal origin, or products containing ingredients of animal origin, imported from non-Islamic countries. A halal certifier will be approved by Oman if it is listed and accredited by the Gulf Accreditation Center or by an accreditation body in any GCC country.

Qatar

In October 2022, Qatar expanded the application of its halal certification requirement to animal feed, slaughterhouses, handling, packaging, storing, and food additives. A halal certificate from an approved halal certifier is required for any product of animal origin, or any ingredient derived from animals, imported from non-Islamic countries. This includes products such as gelatin and food additives of animal origin like lecithin and emulsifier (E471, e472) or a product containing rennet, an animal-derived enzyme. Guidance on the website of Qatar's Ministry of Public Health also advises to avoid using words or expressions that may give the impression that a food product or some of its ingredients are not halal; a list of such commonly restricted words is available online.

Saudi Arabia

In May 2018, Saudi Arabia prohibited all forms of poultry stunning during slaughter, a requirement that has effectively prevented the United States from exporting poultry meat to the Kingdom since June 2018. The Saudi Food and Drug Authority (SFDA) stated that the ban was based on halal requirements prohibiting meat from animals that die before Islamic slaughter, asserting stunning causes birds to die prior to the ritual cut. U.S. officials have clarified to SFDA counterparts that U.S. production systems and government regulations ensure poultry remains alive before slaughter and have explained that stunning only immobilizes birds to facilitate a humane and effective process. However, extensive U.S. Government engagement has not led SFDA to reconsider its position or recognize U.S. stunning practices as compliant with halal requirements.

On September 4, 2024, SFDA's Halal Center, which handles halal certification and accreditation, informed global halal certifying bodies that, effective October 1, 2024, no imports of halal-certified products would be allowed into Saudi Arabia without a new SFDA-issued halal certificate. The certificate can be obtained on a web-based halal portal through the registration of facilities and products by approved halal certifying bodies. Saudi Arabia has not notified this measure to the WTO. The lack of clarity in the circular provided to importers, quick implementation time, and new fees charged to companies wishing to be in compliance with Saudi Arabia's halal regulations, resulted in market uncertainty that lasted several months.

The United Arab Emirates

In November 2022, the UAE updated halal slaughtering requirements to allow for stunning that does not directly result in death of the animal.

In October 2024, the UAE declined to approve or renew approvals for three U.S. halal certifying bodies (HCB), despite these certifiers having obtained the necessary accreditation from a qualified accreditation body. In separate meetings with these halal certifying bodies and U.S. Government officials, UAE officials cited "administrative reasons" for not renewing the accreditations without providing additional clarity or information on their actions. In late 2025, the UAE informed the United States that three new HCBs had

been approved, but not the HCBs that had previously been denied. The lack of transparency in the HCB approval process has caused a loss of confidence from both the HCBs and U.S. producers.

In May 2025, the UAE Cabinet approved the “UAE Strategy for Islamic Finance and Halal Industry,” designed to position the UAE as a globally competitive hub for Islamic finance and to expand the production and export of halal products. The UAE also announced an update of the halal certification system to align with modern advancements. This system was announced as part of an initiative launched in October 2025 to improve the regulatory framework.

Energy Drinks

In January 2016, GCC Member States notified to the WTO a draft GSO technical regulation for energy drinks, which was revised in March 2022. The U.S. Government and private sector stakeholders raised concerns through bilateral and multilateral fora regarding the draft regulation. U.S. industry stakeholders still report that caffeine-content limitations unduly target energy drinks in GCC Member States. In many cases, such limitations do not apply to other drink products that contain similar or even higher levels of caffeine, such as tea, brewed coffee, and other ready-to-drink coffee products.

In September 2021, Bahrain began to implement Executive Regulations for the Public Health Law on Energy Drinks. These regulations prohibit the sale of energy drinks in restaurants, cafeterias, educational facilities, health facilities, and to individuals under the age of 18 and require prior licensing in order to advertise such products through any form of media.

On August 5, 2025, GCC Member States notified to the WTO proposed changes to the GSO technical regulation for energy drinks, which revises the current advisory statement recommending against use by individuals under 16 to under 18. The proposed regulation would impose a requirement to display energy drinks in separate refrigerators or on separate shelves accompanied by a sign with the same advisory statement that must appear on labels—a requirement that would impose major costs on small businesses. Finally, the proposed regulation would also impose a mandatory “high in caffeine” statement and modify the definitions of “energy drinks” and “caffeine” in a way that implies synthetic caffeine and certain fruit ingredients may no longer be permitted. The U.S. Government and private sector stakeholders raised concerns regarding the draft regulation, including regarding its scientific basis, through bilateral and multilateral fora.

Dairy Regulations

In June 2019, Qatar’s Ministry of Public Health released a Council of Ministers’ circular on both imported and domestically-produced dairy products that implement limited shelf-life requirements on long-life milk and white cheeses. Qatar did not notify the WTO of this regulation prior to implementation. The U.S. Government pressed Qatar on concerning aspects of its regulation in bilateral discussions and at meetings of the WTO TBT Committee. In August 2021 and again in May 2022, the Ministry issued further updates to the June 2019 regulation that expanded its scope, increasing the concerns of the U.S. dairy industry. Qatar again failed to notify the WTO of the new regulation prior to its implementation. The regulation imposes a maximum shelf-life of three months from the date of manufacture for imported long-life milk. It also requires imports to have a minimum of 80 percent of their shelf-life remaining at the time of import, which, given shipping times, creates a significant barrier to trade. For white cheeses, the regulation sets a maximum shelf-life of 45 days from the date of manufacture for all types and sizes, including products such as cream cheese and frozen mozzarella, which customarily have much longer shelf-lives. These requirements do not reflect differences in cheese types, processing, packaging, or storage. The U.S. Government and private sector stakeholders continued to raise concerns with Qatar on this regulation,

including the scientific basis for the measure, transparency of its implementation, and the food safety and food quality rationale of the measure, and have urged Qatar to repeal or amend this regulation.

Food Registration

Qatar's Ministry of Public Health requires food commodities that fall under its jurisdiction to be registered through the online Watheq platform in order to confirm that the products comply with Qatar's food safety standards and regulations.

Front of Package Labeling

In November 2024, the Abu Dhabi Quality and Conformity Council and the Abu Dhabi Public Health Centre launched an emirate-level Nutri-Mark front-of-pack nutrition labeling initiative. Implementation of this regulation was postponed, as the UAE notified to the WTO on October 28, 2025, a proposed mandatory federal-level Nutri-Mark. While the notification did not propose a date for implementation, UAE officials have confirmed to industry stakeholders that implementation will be sometime mid-2026. The federal regulation will be mandatory throughout the UAE. The regulation covers certain types of food and beverage products that include packaged and non-packaged breads and pastries, beverages including dairy products, fats and oils and fat emulsions, and food targeting children, and subjects them to labeling requirements. Exclusions include fresh fruits and vegetables, and products with minimal nutritional content such as spices. Industry stakeholders have expressed concern that the proposed regulation is inconsistent with the current federal voluntary "traffic light" labeling standard.

Novel Foods

In October 2025, the emirate of Abu Dhabi also launched a regulatory framework for novel foods. The initiative creates a single-point registration system, reducing approval times by six to nine months, and unifying requirements for new foods. Meanwhile, the UAE has a standard in place for novel food.

Food Reformulation

On December 19, 2025, the UAE notified to the WTO a draft Cabinet resolution regarding the reformulation of bread, sweetened and flavored milk, sweetened yogurt, processed cheese, and high-sodium snacks. The notified resolution, which has no proposed date for implementation, requires food manufacturers and commercial establishments located in the UAE, including those in free zones, and importers to comply with the gradual reduction of sodium, sugar, and fat content of these products according to the levels stipulated in the regulations. The UAE explained that the resolution aims to support national health initiatives, improve nutritional value, and reduce obesity rates and other non-communicable diseases. The U.S. Government has recommended that the UAE instead adopt voluntary reduction initiatives for these nutrients in foods. In addition, the resolution aims to align products with nutritional labeling requirements of the Nutri-mark and Nutri-score and align national efforts with international best practices regarding food safety, quality, and health.

Sanitary and Phytosanitary Barriers

Kuwait does not use a risk management system for clearing food shipments for import, instead requiring customs authorities to physically inspect every food shipment before being cleared for entry into Kuwait. This process can add several days to the delivery time, reduce the longevity of the food, and increase costs. Kuwait has not notified the WTO of Ministerial Decree 6/2023, issued in May 2023, updating regulations for imported food, despite the United States and other trading partners officially requesting that the Kuwaiti

Government notify the WTO, delay the implementation date, and allow WTO Members to submit comments.

Zoning and Compartmentalization

The World Organization for Animal Health (WOAH) standards on zoning and compartmentalization provide recommendations for safe international trade between countries. Despite following WOA guidelines for zoning or compartmentalization in most cases, Saudi Arabia does not recognize the existence of United States zones or compartments in the event that highly pathogenic avian influenza occurs within the United States. The United States continues to press Saudi Arabia to act consistently with WOA guidelines.

Facility Listing Requirements

In 2021, Saudi Arabia notified the WTO of new requirements for food facility registration for multiple products, including animal and dairy products, seafood, honey, grains, and processed vegetables. Saudi Arabia implemented the requirements for honey and seafood products in November 2021.

Saudi Arabia's facility registration process requires an attestation by the competent authorities in the exporting country, and that the competent authorities provide lists of facilities producing the above products to the Saudi Food and Drug Authority (SFDA). Audits of facilities may also be required. U.S. Government agencies continue to work with SFDA to confirm that specific U.S. facilities meet the requirements of the 2021 regulation.

Agricultural Biotechnology

In May 2020, the UAE issued Federal Law No. 9 regarding the biosafety of agricultural biotechnology products. The law prohibits the import, export, re-export, transit, production, and circulation of any agricultural products with biotechnology content equal to or higher than 0.9 percent. For agricultural products with biotechnology content less than this threshold, a permit is required. UAE Resolution No. 84 of 2022 "Concerning the Executive Regulation of Federal Law No. (9) of 2020 Concerning the Biosafety of Genetically Modified Organisms (GMOs) and the Products Thereof" enacts several restrictions, requirements, and specifications for the import, transport, circulation, and re-export of such products.

Certification

In 2021, Saudi Arabia began implementation of new regulations that require trading partners to adopt model certificates. The United States has requested Saudi authorities to accept comparable certifications currently issued by the U.S. competent authorities, but as of December 31, 2025, they had not yet done so.

Titanium Dioxide

In May 2022, GCC Member States notified to the WTO an amendment to the GSO technical regulations on Additives Permitted for Use in Foodstuffs that bans the use of titanium dioxide as a food additive, in line with EU food additive regulations. In November 2023, the Joint FAO/WHO Expert Committee on Food Additives (JECFA), administered jointly by the Food and Agriculture Organization of the United Nations (FAO) and the World Health Organization (WHO), confirmed a reevaluation of titanium dioxide and concluded that there is no safety concern or risk associated with the use of the substance as a food additive. The United States has requested that the GCC Member States allow the use of titanium dioxide in line with Codex Alimentarius standards, which are justified by science and consistent with the recent JECFA conclusions or provide a risk assessment consistent with WTO SPS Agreement obligations. On

January 13, 2025, GCC Member States notified to the WTO an updated technical regulation for additives permitted for use in foodstuffs. Although the updated regulation is largely based on the Codex Alimentarius standard for food additives, it still bans the use of titanium dioxide.

Oman

In July 2023, Oman banned the production, import, and marketing of food products that contain titanium dioxide and established a fine of \$2,600 for violations. The fine is doubled in the event of a repeat offense.

Qatar

In a circular published in July 2022, Qatar banned the use of titanium dioxide (E171) in all foodstuffs. The deadline for implementation was October 15, 2022, and the ban applied to both locally produced and imported products. Qatari authorities recalled foodstuffs already on the market containing the E171 additive.

GOVERNMENT PROCUREMENT

Bahrain

The United States–Bahrain FTA contains disciplines on government procurement.

Bahrain is not a Party to the WTO Agreement on Government Procurement (GPA), but has been an observer to the WTO Committee on Government Procurement since December 2008.

Kuwait

Kuwait's Public Tenders Law No. 49 of 2016 regulates government procurement and requires that any procurement with a value greater than KWD 75,000 (approximately \$250,000) be conducted through the Central Agency for Public Tenders. Certain contracts from the Kuwait Petroleum Corporation that exceed KWD 5 million (approximately \$17 million) are exempt. Ministries of Interior and Defense, National Guard, and core (*i.e.*, drilling and extraction) Kuwait Petroleum Corporation contracts are also exempted. Kuwait provides a 15 percent price preference for domestic and GCC goods, and requires foreign contractors to purchase at least 30 percent of their inputs domestically and to subcontract at least 30 percent of the work to domestic contractors where available. In February 2024, Council of Ministers decided to give equal 20 percent preference for local and GCC products in public tenders.

Kuwait is neither a Party to the GPA nor an observer to the WTO Committee on Government Procurement.

Oman

The United States–Oman FTA contains disciplines on government procurement. Oman provides a 10 percent price preference to tenders that contain a high content of local goods or services, including direct employment of Omani nationals, per its in-country value requirements. However, Oman does not apply this price preference to bids offering goods and services from the United States in procurements covered by the United States–Oman FTA.

For most major tenders, Oman invites bids from international firms or firms pre-selected by project consultants, but U.S. stakeholders report that in recent years Oman has favored local community contractors and Omani small and medium-sized enterprises (SMEs). Suppliers are requested to be physically present

at the opening of tenders and interested persons may view the process on Oman's Tender Board website. Some U.S. companies report that award decisions are delayed, sometimes for years, or that the tendering is reopened with modified specifications and short deadlines.

Oman is not a Party to the GPA, but has been an observer to the WTO Committee on Government Procurement since May 2001.

Qatar

Qatar's Cabinet Decision 16/2019 stipulates that non-Qatari companies participating in tenders must utilize Qatari goods and services equivalent to at least 30 percent of a tender's value, including local raw materials, locally-manufactured goods, transportation services, security, guarding and catering services, or any other services provided by Qatari companies. Cabinet Decision 11/2022 additionally favors local SMEs, by exempting them from providing bid bonds when participating in government tenders, incentivizing greater support for the local economy, and encouraging government clients to consider bidders' in-country value contributions when evaluating bid prices. Participation in government tenders with a value of QAR 5 million (equivalent to approximately \$1.4 million) or less is limited to local SME contractors, suppliers, and merchants registered with the Qatar Chamber of Commerce and Industry.

Qatar is neither a Party to the GPA nor an observer to the WTO Committee on Government Procurement.

Saudi Arabia

Saudi Arabia has maintained an offset policy since 1983 that requires foreign companies to make local investment as a condition for government defense contracts. In November 2022, without prior notice or an opportunity for stakeholder comment, Saudi Arabia broadened this policy beyond defense contracts and began enforcing mandatory local investment requirements for foreign companies that bid on any contracts above SAR 100 million (approximately \$26 million). Under the new Economic Participation Policy, which is managed by Local Content and Government Procurement Authority (LCGPA), foreign companies must outline a plan to invest locally in Saudi Arabia in an amount equivalent to 35 percent of the contract value within five years, even though tenders generally renew every two years. Saudi Arabia has yet to provide clear guidance on how to calculate the 35 percent value, what types of activities constitute local investment, and how to comply with other requirements. As healthcare in Saudi Arabia is largely government provided, local investment requirements are particularly onerous for U.S. producers of innovative pharmaceuticals and other healthcare companies.

Since January 1, 2024, all international companies must establish a regional headquarters (RHQ) in Saudi Arabia or generally be barred from bidding on government contracts. Companies bidding on contracts with a cumulative annual value of less than \$266,000 are exempt from this requirement. Key concerns for U.S. companies regarding the RHQ policy include: the absence of a regulatory or legislative text outlining the policy parameters; a lack of clarity on the rights and obligations associated with the RHQ; and a lack of clarity or predictability on the tax regime for RHQs. International companies can obtain RHQ licenses through the Ministry of Investment's (MISA) "Invest Saudi" website. To be considered an RHQ, a company's Saudi branch must conduct strategic and management functions including budgeting, business planning, regional strategy reviews, regional market monitoring and operational and financial reporting. An RHQ must have a minimum of 15 full-time employees within its first year of operation, including at least three senior executives. The Saudi Government may award contracts to sole-source technology or intellectual property providers without RHQs. A non-RHQ company can also be awarded a tender if its bid is at least 25 percent less than an RHQ company's proposal. Contracts for projects outside of Saudi Arabia are not subject to the RHQ policy. It remains unclear whether other Saudi Government entities that do not utilize the Electronic Government Procurement System (Etimad Portal), such as the General

Authority for Military Industries, will apply the RHQ policy to their contracting decisions. According to the MISA, the RHQ policy applies to a company that submitted a bid but had not signed a procurement contract by January 1, 2024. The United States has been actively engaged on this issue and continues to press for more clarity regarding this regulation.

Saudi Arabia requires foreign contractors to subcontract 30 percent of the value of any government procurement, including support services, to firms that are majority-owned by Saudi nationals. An exemption is granted when no Saudi-owned company can provide the goods or services necessary to fulfill the requirements of a tender. The Saudi Government is in the process of reforming its procurement processes and policies. In addition to offsets, the Saudi Government promotes purchases of goods and services in Saudi Arabia and increasing the percentage of Saudi nationals employed by foreign firms—a policy known as “Saudization.” The Saudi Government requires offsets in investments of up to 40 percent of a program’s value for defense procurement, depending on the value of the contract. Saudi Arabia provides a 10 percent price preference for GCC goods used in procurements in which foreign suppliers participate.

Saudi Arabia revised its Government Tenders and Procurement Law in April 2020. The law regulates the contractual relationship between a public or government entity and contractors. U.S. companies have reported that the procurement systems lack transparency. In 2018, the Ministry of Finance launched the Etimad Portal to consolidate and facilitate the procurement process for the public sector. The General Authority for Military Industries manages Saudi Arabia’s armaments procurement activities.

U.S. companies have reported long delays and difficulties in Saudi Arabia in receiving payments for procurement contracts with national and regional government entities, with some delays lasting more than two years. Since late 2020, Saudi Arabia has prioritized more timely payments to contractors and used the Etimad Portal to facilitate payments. U.S. companies continued to report significant payment delays in 2025 but reported that the overall amounts owed to them are less than prior to the reform.

In September 2019, the Saudi Government issued a royal decree prohibiting government agencies from granting contracts to foreign consultancy firms, except in circumstances where there are no qualified Saudi alternatives. However, because the royal decree does not define the criteria for exemptions, and does not clarify whether local branches of foreign-owned firms are covered by the prohibition, it remains subject to interpretation. MISA issues consultancy licenses on a case-by-case basis.

Saudi Arabia is not a Party to the GPA, but has been an observer to the WTO Committee on Government Procurement since December 2007.

The United Arab Emirates

U.S. companies have raised concerns regarding a lack of transparency in the UAE’s Government procurement processes, in addition to lengthy delays and burdensome procedures to receive payment.

In March 2022, the UAE Ministry of Economy announced a revised UAE National Program for Emirati SMEs, which gives an advantage to Emirati-owned SMEs by providing them with several new incentives and preferential services, including: registration for federal government procurement tenders, provision of a range of business services from telecommunications to internal audits, and easier access to funding.

Foreign defense contractors active in the UAE market continued to raise concerns about satisfying contractual obligations to enter into an agreement under the Tawazun Economic Program—referred to as an offset agreement. Despite recent reforms to the program, satisfying offset requirements in the UAE remains a challenge for U.S. defense contractors.

In July 2020, the UAE established a national In Country Value (ICV) Program to expand local procurement preferences. In March 2021, the UAE revised the ICV Program as part of its ten-year comprehensive strategy, “Operation 300 Billion,” to promote UAE products. The UAE has expanded the ICV program to all seven emirates and several other government entities, bringing the total number of participants to 31 federal and local government entities. In February 2023, the Abu Dhabi National Oil Company signed agreements worth \$4.63 billion with 23 companies to locally manufacture materials and supplies for its operations. The number of companies that obtained ICV certificates reached 6,500 during the first half of 2024, an increase of 30 percent over the same period of 2023.

U.S. firms have raised concerns that the UAE ICV Program is not transparent and that criteria change frequently. In November 2023, the UAE issued new transparency regulations on federal government procurement outlining the conduct of procurement tenders by federal entities, which prohibit employees from bidding on tenders from their federal entity and detecting and reporting conflicts of interest. Some sectors, including defense, internal security, construction, medicine, and overseas operations, are exempt from the new regulations.

In 2025, U.S. firms raised concerns that the UAE engages in government procurement practices that favor Emirati enterprises, including policies benefiting Emirati aluminum producers at the expense of U.S. and other foreign competitors. Similar concerns arise in the pharmaceutical sector, where the UAE introduced a new framework effective January 2025 to streamline pharmaceutical procurement through a central authority for product approvals, pharmacovigilance, and expedited access to innovative therapies. While the framework is intended to improve patient access, U.S. industry stakeholders continued to report concerns regarding unclear or duplicative procedures and localization preferences that may disadvantage imported medicines.

The UAE is neither a Party to the GPA nor an observer to the WTO Committee on Government Procurement.

INTELLECTUAL PROPERTY PROTECTION

Bahrain

As part of its FTA obligations, Bahrain continues to enact laws to improve protection and enforcement of copyrights, trademarks, patents, and plant varieties. However, Bahrain has yet to accede to the International Convention for the Protection of New Varieties of Plants (UPOV 1991), as required under the FTA. Bahrain’s record on intellectual property (IP) enforcement is mixed. Over the past several years, Bahrain has launched several campaigns to block illegal broadcast signals and to prohibit the sale of decoding devices in order to combat piracy of cable and satellite television (TV), and has launched several public awareness campaigns regarding copyright piracy. However, many counterfeit consumer goods continue to be sold openly.

Oman

Oman committed in the FTA to provide strong IP protection and enforcement. Oman revised its IP laws and regulations to implement its FTA commitments and acceded to several international IP treaties. While IP laws in Oman are strong, the lack of IP enforcement capacity effectively places an additional burden on right holders to perform their own monitoring and enforcement through legal actions in the courts.

Qatar

U.S. industry associations note that, while Qatar has made significant progress in IP protection, there is no provision for patent term extensions and data exclusivity protections remain limited. According to these associations, enforcement mechanisms are underdeveloped, and judicial processes are reportedly slow and lack transparency.

Saudi Arabia

Since its establishment in 2017, the Saudi Authority for Intellectual Property (SAIP) has improved IP protection, enforcement, and awareness throughout the Kingdom. Saudi Arabia was removed from the Special 301 Report in 2022 after being placed on the Priority Watch List in 2019 due to inconsistencies in the application and enforcement of relevant IP laws in the pharmaceutical sector. Right holders continue to express concern regarding IP enforcement against counterfeit and pirated goods, citing a lack of transparency and information sharing throughout the complaint process and a lack of coordination between SAIP and other government entities, including SFDA.

The United Arab Emirates

In 2021, the Office of the United States Trade Representative (USTR) removed the UAE from the Special 301 Watch List after the UAE resolved concerns with IP protection of pharmaceutical products and showed progress on long-standing IP enforcement issues and increased transparency with stakeholders. In 2024, the UAE established a centralized government body responsible for pharmaceutical regulations and approvals, a move welcomed by U.S. stakeholders to streamline processes and ensure access to innovative medicines.

In April 2025, the UAE Ministry of Economy licensed two collective management organizations, the Emirates Music Rights Association and Music Nation, to oversee collective rights management. The move advanced the UAE's IP protection and royalty collection and addressed two decades of industry requests. Pharmaceutical industry stakeholders also raised concerns that the UAE's IP framework remained inadequate to ensure that patents are appropriately protected.

The Deira District markets in Dubai remained on the [2025 Review of Notorious Markets for Counterfeiting and Piracy](#) (Notorious Markets List). Right holders also continue to ask the UAE Telecommunications and Digital Government Regulatory Authority to engage with domain name registrars and other intermediaries to facilitate effective enforcement actions against copyright infringement, encourage customs authorities to ban the importation of illegal set-top boxes, and put more restrictions on free or paid subscription-based services that unlawfully retransmit TV channels carrying copyright-protected content.

SERVICES BARRIERS

Oman limits customs brokerage activities to Omani nationals. The United States has raised concerns about this limitation in light of the United States-Oman FTA.

Financial Services

U.S. payment networks face significant regulatory challenges in the GCC region. Notably, each Member State is pursuing regulatory localization and payments sovereignty through discrete policy actions that restrict market access or otherwise discriminate against U.S. electronic payment services providers.

Oman, Kuwait, and Qatar are developing domestic card brands and have introduced regulations, guidance letters, or other measures that disadvantage U.S. electronic payment service providers and provide preferential treatment to these domestic schemes. In November 2025, Oman's Central Bank launched a local card system, which may prohibit Omani Financial Institutions from entering into commercial co-badge agreements with U.S. electronic payment services providers that facilitate international acceptance for locally-issued debit cards. Qatar has taken a more stringent approach by announcing that starting in February 2025, it will discontinue the acceptance of international cards in a phased manner, at government outlets, including both locally issued credit cards and cards issued abroad, citing concerns over risks of data security and integrity. However, U.S. stakeholders note that Qatar has approached them to explore co-badging options.

Certain GCC Member States have also compelled U.S. payment networks to localize their global infrastructure. For example, the Saudi Central Bank has mandated the localization of certain services offered by U.S. payment networks.

Kuwait

Foreign bank members of the Kuwait Banking Association may operate in Kuwait. However, foreign banks are subject to a maximum credit concentration limit equivalent to less than half of that of the largest local bank. Foreign banks may open representative offices but are prohibited from directing clients to borrow from external branches of their bank.

Oman

Oman does not permit representative banking offices or offshore banking.

Some Omani financial institutions such as Bank Muscat whose majority shareholder is the State of Oman are refusing to implement U.S.-provided remittances services citing unwritten guidance from the Central Bank only to use the intra-GCC AFAQ network, a local network which does not allow the participation of U.S. electronic payment system providers.

Qatar

Foreign banks established in Qatar are licensed by the Qatar Central Bank (QCB) or the Qatar Financial Centre Regulatory Authority (QFCRA). The Qatari Government permits foreign banks licensed by QFCRA to establish a physical presence and conduct most types of banking business, including provision of Shariah-compliant banking services, within the Qatar Financial Centre (QFC), an onshore business and financial platform. These banks are not permitted to offer stand-alone retail banking services outside the QFC, unless authorized by the QFCRA, but are otherwise permitted to provide certain services to Qatar-based clientele. In August 2021, the Qatari Cabinet approved allowing foreign ownership of up to 100 percent in nearly all economic sectors, subject to regulatory approval by the QCB and in accordance with the provisions of Article 7 of Law No 1 of 2019 on regulating the investment of non-Qatari capital in economic activity.

Saudi Arabia

Saudi Arabia previously capped aggregated foreign ownership in listed commercial banks and other firms at 49 percent, with individual non-resident stakes limited to 10 percent. In September 2025, the Saudi Capital Market Authority announced plans for reforms to ease these requirements, potentially allowing for full foreign ownership in some sectors, though the specific timeline and final caps for banking are not yet confirmed.

The United Arab Emirates

Although the UAE Central Bank allows foreign ownership up to 40 percent in national banks, the actual foreign ownership share is far lower. Foreign banks operating onshore are not allowed to open more than eight branches. Foreign banks are subject to a unique corporate income tax at the sub-federal emirate level.

The emirates of Abu Dhabi, Dubai, and Sharjah have long levied a 20 percent local income tax on foreign banks. In response to the new 9 percent federal corporate income tax that went into effect on January 1, 2024, Dubai issued a law in March 2024 allowing foreign lenders to claim deductions from the local income tax on foreign banks for taxes paid under the new federal corporate income tax. Foreign banks established in Abu Dhabi and Sharjah are seeking similar treatment from local authorities. Entities licensed within the financial free zones remain exempt.

In April 2022, the UAE initiated efforts to establish a Central Bank-run national payment processing infrastructure, in an effort to move away from U.S. payment networks for debit transactions to “strengthen financial sovereignty.”

Virtual Assets

Since 2018, Qatar has effectively banned all virtual assets, citing the risks of money laundering and terrorist financing and potential harm to customers’ rights and interests. The QCB issued three circulars, the latest in March 2022, prohibiting trading or dealing in virtual assets or currencies, as well as in the tools or platforms that facilitate their use. In October 2023, the QFCRA and the QFC published a draft digital assets legislative framework, which was enacted on September 1, 2024, establishing legislation governing permitted tokens, investment tokens, and token service providers. Despite this framework, cryptocurrencies remain prohibited outside of the QFC.

Insurance Services

Qatar

Qatar limits foreign ownership in the insurance sector to a maximum of 49 percent, unless a higher share is specifically approved by the Qatari Cabinet. Foreign insurance companies typically operate through branches and must adhere to regulations from both the QCB and the QFCRA.

The United Arab Emirates

The UAE only allows foreign insurance companies to operate independently as branches. Foreign equity in domestic insurance companies is limited to 49 percent.

As of May 2019, a resolution on regulations for reinsurance businesses requires that at least 51 percent of the capital of any insurance company incorporated in the UAE be owned by natural persons who are UAE or GCC nationals, or by legal persons fully owned by UAE or GCC nationals. However, a foreign reinsurance company may seek a license from the regulator to operate as a branch.

In September 2020, the UAE Cabinet amended Council of Ministers Resolution No. 31 of 2019 to include onerous reporting requirements for foreign-owned financial firms, including banks, insurers, and purveyors of other financial products. Companies majority-owned by UAE nationals are exempt from these requirements.

In November 2023, UAE federal law No. 48 on insurance entered into force to provide significant enforcement powers to the UAE Central Bank, to empower it to establish and enforce targets for employment of UAE nationals in the insurance sector, to prohibit UAE companies from doing business with unlicensed foreign insurers, and to stipulate required bank guarantees for foreign insurers.

Telecommunications Services

Kuwait

Although Kuwait's telecommunications industry is technically open to private investment, in practice, the Kuwaiti Government maintains extensive ownership in the sector and controls licensing and infrastructure development. Kuwait's telecommunications law gives authorities sweeping power to revoke licenses and block content with little judicial oversight. The Ministry of Communications is in the process of privatizing the terrestrial fiber optics lines.

Qatar

Qatar restricts the provision of telecommunications services. Ooredoo and Vodafone Qatar are Qatar's only licensed telecommunications service providers, and both are majority-owned by government entities, with minority stakes held by private shareholders.

In Qatar, the Communications Regulatory Authority governs Internet of Things (IoT) deployment under its national spectrum and licensing policies, with IoT services required to comply with Qatari data protection, handling, cybersecurity, and lawful interception regulations, which effectively localize IoT connectivity and limit the use of foreign embedded subscriber identity module (eSIM) profiles within national borders.

The United Arab Emirates

The UAE Government maintains majority ownership in e& and du, which are the only telecommunications service suppliers, Internet service providers, and mobile phone operators in the UAE. In January 2021, both telecommunications providers raised their foreign investment cap to 49 percent, though actual foreign ownership is 8.6 percent for e& and 1.4 percent for du.

Professional Services

Non-Omani attorneys, including U.S. attorneys practicing in Oman, are prohibited from appearing in courts of first instance. The United States has raised concerns about this limitation in light of the FTA. In January 2021, Oman barred non-Omani attorneys from appearing or pleading in higher courts in Oman.

Saudi Arabia requires that entities providing certain professional services have a Saudi partner, including engineering, accounting, architecture, healthcare, dental, and veterinary services. In general, the foreign entity's equity in the joint venture cannot exceed 75 percent of the total investment. In order to avoid the equity cap, a 2017 measure requires foreign engineering consulting firms that are seeking to register a local branch or subsidiary to demonstrate that they have been incorporated for at least ten years and have operations in at least four different countries.

Distribution Services

Only Qatari nationals and entities licensed in Qatar are allowed to serve as local commercial agents for foreign firms distributing products or services, except in certain sectors. The Minister of Commerce and

Industry may waive the nationality requirement for commercial agents of foreign companies that have direct contracts with the Qatari Government.

The UAE's Federal Law No. 11 of 2020 amended the Commercial Agency Law No. 18 of 1981 to require that all commercial agents within the UAE must be UAE nationals, a UAE public joint stock company (PJSC) owned at least 51 percent by UAE nationals, a UAE private entity owned by a PJSC meeting the previous requirements, or a UAE private entity 100 percent owned by UAE nationals. In December 2022, the UAE authorized foreign entities to sell their products directly in the UAE without an agent, if there is no agent already appointed in the UAE and the principal has not previously had any agreement registered with a commercial agent in the UAE. In December 2023, the UAE issued decision No. 216, which helps to level the playing field for foreign companies by allowing those involved in a dispute with their commercial agent to seek temporary permission to circumvent their agent and ensure that foreign companies can continue to import their goods and services.

Other Digitally-Enabled Services and Digital Products

Internet Services

Oman

Through its majority government-owned telecommunications service providers and Telecommunications Regulatory Authority (TRA), Oman periodically slows or blocks access to certain over-the-top services. The TRA announced in September 2022 a new regulation limiting the provision of Voice over Internet Protocol (VoIP) and video Internet protocol services to companies in the educational, commercial, or medical sectors. The regulation requires service providers to obtain TRA permits and house data servers and equipment in Oman, and it limits the provision of services to corporate customers (not individuals). Private sector representatives continue to request that the Omani Government provide clarifying details on the regulation and its implementation.

In December 2019, the TRA announced a new regulation limiting the use of international roaming subscriber identity module (SIM) cards for IoT devices to a maximum use period of 90 days.

Qatar

Although the Qatari Government requires a license for telecommunications and VoIP services providers, it grants licenses only to companies intending to charter in Qatar. This requirement serves as a barrier for foreign communications service providers. As noted above, Ooredoo and Vodafone Qatar, which are both majority-owned by state-controlled entities, are Qatar's only VoIP and telecommunications service providers.

Saudi Arabia

In March 2018, Saudi Arabia's Communications and Information Technology Commission (CITC) issued the Cloud Computing Regulatory Framework. This measure granted the CITC broad powers to require cloud and other information and communications technology service providers to install and maintain governmental filtering software on their networks, restricting Internet-based services. Saudi Arabia blocks the use of many VoIP services like WhatsApp and several VPN providers.

The United Arab Emirates

The UAE's nationally-controlled telecommunications service suppliers, e& and du, block access to many over-the-top Internet-based communications services, such as VoIP services, video communication services, and messaging services. UAE regulators have declined to intervene, effectively prohibiting market access for foreign suppliers of such services. In March 2020, UAE regulators announced the temporary availability of five applications to support distance learning and remote working amid the COVID-19 pandemic. In 2024, UAE regulators continued allowing these applications on a temporary basis. U.S. stakeholders raised concern that e& and du consistently control access to, and the quality of, foreign Internet-based communications services, creating significant market access barriers for U.S.-based Internet services and apps. UAE regulators continue to insist that only national providers can provide these forms of communications services.

Data Transfers

Kuwait

In November 2025, Kuwait's Cabinet approved legislation to regulate digital trade, reflecting the country's commitment to modernizing its commercial legal framework and aligning with global economic standards. The law aims to enhance consumer protection, provide merchants with clear operational guidelines, and establish a comprehensive legal framework for e-commerce. However, challenges persist in addressing issues related to influencer activities, personal data protection, and payment transparency.

Saudi Arabia

In September 2021, Saudi Arabia enacted the Personal Data Protection Law (PDPL). U.S. stakeholders have noted concerns that the PDPL includes unnecessary data transfer restrictions. The Saudi Arabian Data and Artificial Intelligence Authority (SDAIA) published an amended draft of the PDPL in December 2022, but postponed full enforcement to address feedback received during the public comment period. The SDAIA published additional draft implementing regulations in June 2023, and published the final regulations in September 2023, which have been in force since September 2024. In May 2025, SDAIA followed up with a public consultation on draft amendments to the Implementing Regulation of the PDPL, which, if adopted, would enhance legal clarity, improve operational predictability, and bring the framework into closer alignment with international standards. U.S. companies remain concerned that the PDPL does not clearly include the United States as an approved jurisdiction for data transfers; that the guidelines for compliance and harmonization of sector-specific regulations and the rules for application of "legitimate interest" in transferring data in the healthcare sector are unclear; and that Saudi Arabia did not provide a sufficient implementation period for compliance.

In April 2025, the SDAIA issued a public consultation on Risk Assessment Guidelines for Transferring Personal Data outside the Kingdom, outlining a framework intended to support cross-border data transfers in service of research, innovation, and the public interest. Key concerns from U.S. companies center on the vague definition of "public interest" and the lack of clarity surrounding licensing terms, particularly as they relate to intellectual property protections, confidentiality obligations, and downstream use of data. These issues may increase legal and operational uncertainty for foreign digital service providers.

The United Arab Emirates

In January 2022, the UAE's Federal Decree No. 45 of 2021 regarding personal data protection (the Data Protection Law) came into effect. Executive regulations to clarify implementation of the Data Protection Law remain under draft. The Data Protection Law restricts the cross-border flow of data unless the Emirates

Data Office determines that the receiving country or territory provides adequate levels of personal data protection, the UAE is party to bilateral or multilateral agreements related to personal data protection with the receiving country, personal data is transferred under a contract that requires the recipient to adopt certain data protection measures, personal data is transferred based on consent, or another listed condition is met. Health data falls outside of the scope of the Data Protection Law.

UAE Federal Law No. 2 of 2019 (the Health Data Law), which regulates the use of information technology and communications in the healthcare sector, came into effect in May 2019 and prevents businesses from storing, processing, generating, or transferring health data outside the UAE. UAE Health Data Ministerial Resolution 51 of 2021, an implementing regulation for the 2019 Health Data Law, allows health authorities in each emirate to grant exemptions allowing for cross-border flows of health data on a case-by-case and conditional basis until full compliance is possible. The process and criteria for receiving such exemptions is not consistent across the seven emirates. In August 2024, the Abu Dhabi—Healthcare Information and Cyber Security Standard (ADHICS) version 2.0 came into effect and allows the use of cloud data services for the storage and processing of health data inside of the UAE. ADHICS version 2.0 continues to restrict cross-border flows of health data, except when exemptions have been granted by the Department of Health—Abu Dhabi. ADHICS version 2.0 does not include a process for transferring health data across borders for legitimate purposes, such as fraud prevention or fulfilling contractual obligations with clients.

INVESTMENT BARRIERS

Limitations on Foreign Equity Participation

Kuwait

Existing law generally mandates that businesses established in Kuwait be majority-owned (at least 51 percent) by Kuwaiti or other GCC nationals. However, Kuwait's Foreign Direct Investment Law of 2013 permits the Kuwait Direct Investment Promotion Authority (KDIPA) to authorize, on a case-by-case basis, up to 100 percent foreign ownership in the following industries: infrastructure (e.g., water, power, wastewater treatment, and communications); insurance; information technology and software development; hospitals and pharmaceuticals; air, land, and sea freight; tourism, hotels, and entertainment; housing projects and urban development; and investment management. KDIPA has granted licenses to 105 foreign-owned firms, including U.S. companies, with total cumulative investment of approximately \$6.4 billion. In December 2023, Kuwait adopted a new regulation allowing foreign companies to open branch offices in Kuwait without a local agent. Notwithstanding these efforts, significant barriers to foreign investment persist, including regulations prohibiting foreigners from investing in real estate, extraction of crude petroleum and natural gas, manufacture of coke oven products and fertilizers, and publishing; long delays associated with establishing new enterprises, which can take as long as 12 months; and difficulty identifying a local sponsor or agent, which is required by law.

Oman

Ministerial Decision 292/2020 bans foreign ownership of real estate and land in certain governorates and areas that the government deems necessary to restrict. However, non-Omanis may purchase integrated tourism complexes and residential units in multi-storied commercial and residential buildings in certain areas of the Muscat governorate under usufruct rights (i.e., the right to lease one's property to another person), with certain restrictions. Oman has also allowed the establishment of real estate investment funds, through which foreign investors may own commercial property. In August 2024, Oman's Ministry of Commerce, Industry, and Investment Promotion issued Ministerial Resolution No. 2024/435, which amended Ministerial Resolution No. 2020/209 by adding 28 activities to the list of business activities

prohibited for foreign investment, bringing the total to 123 prohibited activities on the list. The United States is seeking to confirm with the Government of Oman that this list and the associated foreign investment prohibitions do not apply to U.S. investors.

Qatar

Qatar's Law 1/2019 permits foreign investment in Qatar, either by partnering with a Qatari investor owning at least 51 percent of an enterprise or by obtaining approval from the Ministry of Commerce and Industry for up to 100 percent foreign ownership. However, foreign investment in the banking and insurance sector, commercial agencies, national oil and gas companies, and companies with the right of exploration of national resources cannot exceed 49 percent foreign ownership. Council of Ministers Decision No. 2020/28 limits foreign ownership of real estate and land to nine designated zones and usufructuary rights up to 99 years in 16 other zones. Foreign investors may also own properties within selected residential complexes and retail outlets in specific commercial complexes.

Saudi Arabia

In August 2024, Saudi Arabia issued a new Investment Law under Royal Decree No. M/19, effective February 2025. Consistent with Saudi Arabia's Vision 2030 and National Investment Strategy, the 2024 Investment Law applies to both foreign and domestic investors and significantly expands the business activities open to foreign investment. However, this law requires the Ministry of Investment to issue and maintain a list of "excluded activities" in which foreign investment will remain restricted unless the investor receives prior approval from MISA.

Only "qualified foreign investors" (QFI) designated by Saudi Arabia's Capital Market Authority (CMA) are permitted to buy directly the shares or convertible debt of an issuer listed on the local Tadawul stock exchange. Their investments are capped at 10 percent of any individual company. Cumulative foreign ownership cannot exceed 10 percent of the total Tadawul market capitalization or 49 percent of any individual company. Entities eligible for QFI status include banks, brokerages and securities firms, insurance companies, investment funds, and governments and government-related entities with at least \$500 million in assets under management. In October 2025, the CMA held a public consultation to remove the QFI framework. If approved, the proposed draft regulation would eliminate the QFI concept and allow all categories of foreign investors to access the main market without the need to meet qualification requirements.

The United Arab Emirates

Pursuant to amendments to the UAE Commercial Companies Law in 2020, there is no longer a federal requirement that UAE or GCC nationals own at least 51 percent of the shares of a UAE company. In 2021, Emirates began to implement the amendments, allowing up to 100 percent foreign ownership in more than 1,100 listed commercial and industrial business activities. However, foreign investment remains restricted to no greater than 49 percent for commercial agencies or companies engaged in certain activities, including banking, insurance and re-insurance, and telecommunication sectors, as well as certain professional activities such as consultancies.

STATE-OWNED ENTERPRISES

Oman and the UAE have significant state impact and influence on the steel sector, which has raised concerns from U.S. stakeholders concerning market distortions and unfair competition. U.S. stakeholders note that state-owned industries have unique positions over input costs and benefit from non-market pricing

strategies and receipt of subsidies. The UAE also uses its state-owned banks to provide preferential loans and grants in support of its overall industrial policy.

LABOR

The United States has concerns about GCC Member States' laws regarding the protection of internationally recognized labor rights. The United States also has concerns with respect to labor law enforcement. GCC Member States do not ban the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in their markets. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from GCC Member States an unfair advantage.

OTHER BARRIERS

U.S. industry stakeholders continue to express concerns that the UAE and Oman have developed export-oriented steel production by offering tax exemptions, subsidies, and free trade zone benefits, and that the UAE's National Green Certificates Program may give priority government services to industries that use sustainable materials and methods.

HONDURAS

TRADE SUMMARY

The U.S. goods trade surplus with Honduras was \$1.5 billion in 2025, a 5.5 percent decrease (\$86.4 million) over 2024. U.S. goods exports to Honduras totaled \$7.0 billion in 2025, down 1.6 percent (\$116.4 million) from 2024. U.S. goods imports from Honduras totaled \$5.5 billion in 2025, down 0.5 percent (\$30.0 million) from 2024. Total U.S. goods trade (exports plus imports) with Honduras was an estimated \$12.5 billion in 2025. Honduras was the 42nd largest U.S. goods export market in 2025.

The U.S. services trade surplus with Honduras was \$945 million in 2025, an 8.1 percent increase (\$71 million) over 2024. U.S. services exports to Honduras totaled \$2.0 billion in 2025, down 0.1 percent (\$2 million) from 2024. U.S. services imports from Honduras totaled \$1.1 billion in 2025, down 6.4 percent (\$73 million) from 2024. Total U.S. services trade with Honduras was an estimated \$3.1 billion in 2025. Honduras was the 57th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

Dominican Republic–Central America–United States Free Trade Agreement

The Dominican Republic–Central America–United States Free Trade Agreement (CAFTA–DR) entered into force for the United States and El Salvador on March 1, 2006, for Honduras and Nicaragua on April 1, 2006, for Guatemala on July 1, 2006, for the Dominican Republic on March 1, 2007, and for Costa Rica on January 1, 2009. The United States and other CAFTA–DR countries meet regularly to review the implementation and functioning of the Agreement and to address outstanding issues.

IMPORT POLICIES

Tariffs

As a member of the Central American Common Market, Honduras applies a harmonized external tariff on most items at a maximum of 15 percent, with some exceptions. However, under CAFTA–DR, as of January 1, 2015, U.S. non-agricultural goods enter Honduras duty free.

In addition, nearly all U.S. agricultural exports enter Honduras duty free under the CAFTA–DR. Honduras eliminated its tariffs on rice and chicken leg quarters on January 1, 2023, and eliminated its tariffs on dairy products on January 1, 2025. For certain agricultural products, tariff-rate quotas (TRQs) permit duty-free access for specified quantities during the tariff phaseout period, with the duty-free quantities expanding during that period. Honduras will continue to liberalize trade in white corn through the continual expansion of a TRQ, rather than by the reduction of the out-of-quota tariff. Honduras is required under CAFTA–DR to make TRQs available on January 1 of each year. Honduras monitors its TRQs through an import licensing system, which the United States carefully tracks to ensure the timely issuance of these permits.

Taxes

Honduran Customs imposes a 15 percent sales tax on certain pork product imports when the product description is in English. However, if the product description is in Spanish, according to Decree 05-2014, the pork products are considered basic necessities and are exempt from sales tax. The United States has

asked Honduras to revise Ministry of Finance Decree 05-2014 to treat pork cuts labeled in English the same as those labeled in Spanish for sales tax purposes.

Value-Added Taxes

Honduras applies a standard value-added tax (VAT) at a rate of 15 percent to most goods and services, including U.S. exports to Honduras. Certain goods and services are subject to a rate of 18 percent, including alcoholic beverages, tobacco products, airline tickets, and some luxury goods.

In principle, Honduras rebates VAT duties on exports, including exports to the United States. However, VAT refund procedures can be complex and time-consuming, and exporters often experience delays in receiving refunds. As a result, many companies factor these administrative challenges into their financial planning.

The VAT does not apply to imports valued at less than HNL 200 (approximately \$8.00) under the *de minimis* threshold for customs duties and taxes on certain small shipments.

There are exceptions: certain goods and services are exempt from VAT, including basic food items, some agricultural inputs, educational services, financial services, and certain healthcare services.

Non-Tariff Barriers

Import Licensing—Poultry, Rice, and Onions

Honduras implemented a new series of complicated licensing systems for the importation of poultry products and rice in 2023 and for onions in 2024. The new system includes requirements that do not explicitly limit the importation of these products but create administrative hurdles to obtaining the import licenses. For example, U.S. exporters are required to engage with multiple Honduran Government agencies to apply for a license. After the United States raised concerns, in October 2023, Honduras made changes to streamline and improve the process through modifications to Decree 104-2023 for rice and Decree 055-2023 for poultry, which created the ability to upload documents as PDF files to the Honduran Ministry of Economic Development portal and increased the validity period of import licenses for rice to 90 days. However, importers of rice and poultry still face challenges complying with the requirements. Each administrative agency of the Honduran Ministry of Agriculture, Animal Health and Food Safety Service, Honduran Ministry of Economic Development, and Honduran Customs requires additional steps for import license approval. As of December 31, 2025, Honduras had not notified these decrees to the World Trade Organization Committee on Import Licensing.

Pre-Arrival Processing for U.S. Shipments

Honduras does not conduct pre-arrival processing for express shipments arriving via aircraft until after aircraft have arrived, creating additional costs and lengthening delivery times for U.S. companies.

INTELLECTUAL PROPERTY PROTECTION

The United States continues to have significant concerns regarding intellectual property (IP) protection and enforcement in Honduras, including with respect to online and software piracy, cable signal piracy, and the distribution and sale of counterfeit and pirated goods. The United States continues to urge Honduras to fully enforce its IP laws.

SERVICES BARRIERS

Distribution Services

U.S. firms have reported challenges working with local distributors of products from the United States. Citing the 1977 Honduran Law on Agents, Distributors and Representatives of Domestic and Foreign Companies (Decree Law No. 549), Honduras has required foreign firms to enter into agreements with local distributors to supply local markets and allowed distributors to register as the sole distributor of certain products or brands, which has, at times, resulted in U.S. exports being barred from import. CAFTA–DR prohibited the application of certain requirements under Decree Law No. 549 that restricted the ability of U.S. producers to distribute U.S. products in Honduras. However, in 2025, U.S. firms continued to report that certain distribution restrictions were being applied to U.S. exports.

OTHER NON-MARKET POLICIES AND PRACTICES

Honduras does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Honduran markets from distortions and ensure a fair and secure trading relationship. Honduras has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address distortions caused by such NMPPs. Additionally, Honduras does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Honduras’ law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement, including with respect to the right to freedom of association; the right to organize and bargain collectively; the minimum age for work and the worst forms of child labor; and acceptable conditions of work in various economic sectors, including apparel, automotive parts, and agriculture. In addition, the United States has raised labor concerns with Honduras in response to a submission from the public under CAFTA–DR, which detailed labor concerns in various sectors, including apparel, automotive parts, and agriculture. Honduras does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Honduras’ market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Honduras an unfair advantage.

ENVIRONMENT

Illegal Mining

Stakeholders have expressed concerns about illegal mining in Honduras, driven by weak enforcement, widespread corruption, and the high profitability of illicit gold. Illegal mining undercuts U.S. companies that comply with environmental laws and labor standards.

HONG KONG

TRADE SUMMARY

The U.S. goods trade surplus with Hong Kong was \$28.5 billion in 2025, a 30.1 percent increase (\$6.6 billion) over 2024. U.S. goods exports to Hong Kong totaled \$33.7 billion in 2025, up 20.8 percent (\$5.8 billion) from 2024. U.S. goods imports from Hong Kong totaled \$5.1 billion in 2025, down 13.7 percent (\$817.0 million) from 2024. Total U.S. goods trade (exports plus imports) with Hong Kong was an estimated \$38.8 billion in 2025. Hong Kong was the 18th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Hong Kong was \$1.3 billion in 2025, a 298.8 percent increase (\$989 million) over 2024. U.S. services exports to Hong Kong totaled \$17.3 billion in 2025, up 12.6 percent (\$1.9 billion) from 2024. U.S. services imports from Hong Kong totaled \$16.0 billion in 2025, up 6.3 percent (\$940 million) from 2024. Total U.S. services trade with Hong Kong was an estimated \$33.2 billion in 2025. Hong Kong was the 17th largest U.S. services export market in 2024 (latest data available).

OVERVIEW

Hong Kong, China (Hong Kong) is a separate customs territory from mainland China; the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China (Basic Law) states that Hong Kong can enter into international agreements in commercial, economic, and certain other matters. Hong Kong is a founding Member, separate from the People's Republic of China (China), of both the World Trade Organization and the Asia-Pacific Economic Cooperation forum.

The imposition of national security laws on Hong Kong by the Chinese Government in Beijing in 2020 and 2024 led to major structural changes in Hong Kong. These changes significantly reduced Hong Kong's autonomy and undermined human rights and fundamental freedoms.

On June 30, 2020, the Chinese Government in Beijing imposed the National Security Law (NSL) on Hong Kong. Among other provisions, Article 31 of the NSL stipulates that an incorporated or unincorporated body, which may include domestic corporations, international businesses, international nongovernmental organizations, and media outlets, can be prosecuted for violating the NSL.

On July 14, 2020, following imposition of the NSL, as well as other actions taken by the Government of China to undermine Hong Kong's autonomy, the U.S. President issued Executive Order (EO) 13936, [The President's Executive Order on Hong Kong Normalization](#). EO 13936 reflects a presidential determination that Hong Kong is no longer sufficiently autonomous to justify differential treatment in relation to China under the particular laws set out in the EO, and that the situation with respect to Hong Kong constitutes an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States. Accordingly, EO 13936 directed U.S. Government agencies to suspend or eliminate certain policy exemptions under U.S. law that had given Hong Kong differential treatment in relation to China.

On March 23, 2024, the Hong Kong Government enacted the "Safeguarding National Security Ordinance" (SNSO) under Article 23 of the Basic Law. The SNSO adopted the Chinese Government's overly broad definition of national security and would impose harsh penalties for some offenses, including up to life imprisonment. On September 6, 2024, following enactment of the SNSO, the U.S. Government released an [Updated Business Advisory for Hong Kong](#), in which it explained how business operations in Hong Kong could be adversely impacted.

INTELLECTUAL PROPERTY PROTECTION

Hong Kong generally provides strong intellectual property (IP) protection and enforcement and, for the most part, has strong IP laws in place. In June 2020, Hong Kong passed the Trade Marks (Amendment) Ordinance that will enable applications to be filed through the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (the Madrid Protocol) in Hong Kong. As of December 31, 2025, the ordinance had not been fully implemented.

Hong Kong's failure to fully modernize its copyright system has allowed it to become vulnerable to digital copyright piracy, particularly from streaming websites and illicit streaming devices (ISDs), with negative consequences for businesses and innovators. In December 2022, Hong Kong adopted the Copyright (Amendment) Ordinance 2022, which came into operation on May 1, 2023. The updated law introduced a new exclusive right for copyright owners to communicate their works to the public through any mode of electronic transmission, including streaming, and made infringement of that right subject to criminal sanctions. Although the updated law did not introduce specific provisions to combat ISDs, Hong Kong Customs and Excise Department has applied the law's "communication right" to seize ISDs for unlawful broadcasting of live sports and arrest suspects in several enforcement actions. Nonetheless, U.S. stakeholders report that copyright holders still face uncertainty obtaining effective civil relief against illegal video streaming and that ISDs continue to be a concern in Hong Kong. Stakeholders claim that current enforcement efforts are insufficient against the sale of ISDs, noting the availability of ISDs on e-commerce platforms and in electronics stores in Hong Kong.

The Hong Kong Customs and Excise Department investigates IP crimes and routinely seizes IP-infringing products arriving from mainland China and elsewhere. However, U.S. Government officials and private sector stakeholders report that counterfeit pharmaceuticals, luxury goods, and other infringing products continue to enter Hong Kong, destined for both the Hong Kong market and markets outside of Hong Kong.

SERVICES

Effective January 1, 2026, the Protection of Critical Infrastructure (Computer Systems) Ordinance of 2025 introduced new requirements across eight sectors, including transport, telecommunications, and utilities. The ordinance mandates that Hong Kong Government-designated "critical infrastructure operators" maintain a physical office in Hong Kong and establish a cybersecurity management unit, which may be located in Hong Kong or overseas but must be directly supervised by an employee of the operator.

LABOR

The United States continues to have concerns regarding China's imposition of the NSL on Hong Kong in June 2020 with respect to its impact on the protection of internationally recognized labor rights, in particular freedom of association and the effective recognition of the right to collective bargaining. In addition, Hong Kong does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, goods produced with forced or compulsory labor can enter and compete in Hong Kong's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from Hong Kong an unfair advantage.

INDIA

TRADE SUMMARY

The U.S. goods trade deficit with India was \$58.2 billion in 2025, a 27.1 percent increase (\$12.4 billion) over 2024. U.S. goods exports to India totaled \$45.6 billion in 2025, up 9.8 percent (\$4.1 billion) from 2024. U.S. goods imports from India totaled \$103.8 billion in 2025, up 18.9 percent (\$16.5 billion) from 2024. Total U.S. goods trade (exports plus imports) with India was an estimated \$149.4 billion in 2025. India was the 13th largest U.S. goods export market in 2025.

The U.S. services trade deficit with India was \$5.1 billion in 2025, compared to a services trade surplus of \$102 million in 2024. U.S. services exports to India totaled \$43.6 billion in 2025, up 4.3 percent (\$1.8 billion) from 2024. U.S. services imports from India totaled \$48.7 billion in 2025, up 16.9 percent (\$7.0 billion) from 2024. Total U.S. services trade with India was an estimated \$92.2 billion in 2025. India was the 9th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–India Trade Policy Forum

The United States and India launched the Trade Policy Forum (TPF) in July 2005 and signed an agreement in March 2010 that formally established the TPF as the primary mechanism for discussions of trade and investment issues between the United States and India.

The United States–India Bilateral Trade Agreement

On February 13, 2025, President Trump announced that the United States will negotiate a Bilateral Trade Agreement (BTA) with India to deepen the U.S.-India economic relationship and rebalance the trade relationship. In March 2025, the United States and India finalized the scope of the BTA negotiations, which focus on opening the Indian market for U.S. products by reducing tariffs, eliminating non-tariff barriers (NTBs), and securing rules-based commitments in several areas to ensure long-term benefits. On February 6, 2026, the United States and India issued a Joint Statement on a Framework for an Interim Agreement regarding reciprocal and mutually beneficial trade. Both sides will continue to work toward finalizing the Interim Agreement.

IMPORT POLICIES

Tariffs

India's average Most-Favored-Nation (MFN) applied tariff rate was 16.2 percent in 2024 (latest data available) with an average applied tariff rate of 13.0 percent for non-agricultural goods and 36.7 percent for agricultural goods.

India maintains high applied tariffs on a wide range of goods, including vegetable oils (as high as 45 percent); apples, corn, and motorcycles (50 percent); automobiles and flowers (60 percent); natural rubber (70 percent); coffee, raisins, and walnuts (100 percent); and alcoholic beverages (150 percent). In addition, India maintains very high basic customs duties (in some cases exceeding 20 percent) on drug formulations, including life-saving drugs and finished medicines listed on the World Health Organization's [list of essential medicines](#). High tariff rates also present a significant barrier to trade in other agricultural goods

and processed foods (*e.g.*, poultry, potatoes, citrus, almonds, pecans, grapes, canned peaches, chocolate, cookies, frozen french fries, and other prepared foods used in fast-food restaurants).

India's World Trade Organization (WTO) bound tariff rates on agricultural products are among the highest in the world, averaging 113.1 percent and ranging as high as 300.0 percent. Given the large disparity between WTO bound and applied rates, India has considerable flexibility to change tariff rates for both agricultural and non-agricultural products at any time, creating tremendous uncertainty for U.S. workers, farmers, ranchers, and exporters. The Government of India took advantage of this tariff flexibility in its 2020 through 2021 budget when it raised tariffs for 31 product categories, including solar inverters and solar lanterns. In its 2021 through 2022 budget, India further raised tariff rates on imported headphones, loudspeakers, and smart meters used by power distribution companies. In its 2025 through 2026 budget, India reduced applied tariffs on a range of products across multiple sectors, including lifesaving medicines, raw materials and components for electric vehicle and mobile phone battery manufacturing, critical minerals such as lithium-ion battery scrap, cobalt powder, lead and zinc, raw materials for shipbuilding, wet blue leather for the leather industry, frozen fish paste (*surimi*) and fish hydrolysate for seafood processing, certain electronic components (such as open cell displays), mobile phone parts and other industrial inputs, and other industrial intermediates to support manufacturing and reduce costs for key industries. In addition, starting in 2014, India has repeatedly applied tariffs on certain telecommunications equipment, including network switches, that appear to be above its WTO bound commitments to provide duty-free treatment.

Taxes

Since 2018, India has applied a 10 percent surcharge on imports, which is assessed on the value of other duties rather than the customs value of the imported product. Certain products are exempted from the surcharge pursuant to official customs notifications. India routinely changes the surcharge on a range of agricultural products.

Value-Added Taxes

India applies a standard value-added tax (VAT) in the form of Goods and Services Tax (GST) with a standard rate of 12 percent or 18 percent on the majority of goods and services, including on U.S. exports to India. India applies a lower rate (5 percent) on certain products, such as coffee and tea, and a higher rate (28 percent) on certain luxury goods. India rebates GST duties on input paid on exports, including exports to the United States. The GST apply to all imports regardless of the value.

India does not apply GST to certain goods, such as essential food, healthcare, and educational products.

Non-Tariff Barriers

India maintains various forms of non-tariff barriers: banned or prohibited items that are denied entry into India (*e.g.*, tallow, fat, and oils of animal origin); items that require a non-automatic import license (*e.g.*, certain livestock products, pharmaceuticals, certain chemicals, certain information technology products); and items that are importable only by government trading monopolies and are subject to cabinet approval regarding import timing and quantity (*e.g.*, corn under a tariff-rate quota).

While the Ministry of Industry and Commerce's (MOCI) Directorate General of Foreign Trade (DGFT) maintains a list of all three categories of prohibited or restricted items on its website, India often fails to observe other transparency requirements, such as publication in the *Gazette of India* (*Gazette*) of the timing and quantity of restrictions and notification to relevant WTO committees.

Import Restrictions

To manage domestic oversupply, the Indian Government began imposing quantitative restrictions on imports of various pulses in 2017, based on local supply and demand conditions. In February 2022, India issued a notification to restrict the import of mung beans until March 31, 2023, but imports of most pulses are now allowed without any quantitative restrictions. However, the opaque and unpredictable nature of India's application of quantitative restrictions has affected the ability of U.S. exporters to access the market. The United States, along with other trading partners, continues to raise India's application of quantitative restrictions at the WTO.

India applies restrictions on boric acid imports, including arbitrary import quantity approval restrictions and other requirements that apply only to imports. Long periods of time can pass without the issuance of any import licenses. In addition, the import application specifies that non-insecticidal boric acid can only be imported directly by a domestic manufacturer, which prevents independent traders from importing boric acid for resale purposes. Meanwhile, domestic producers continue to be able to sell boric acid for non-insecticidal use, subject only to a requirement to maintain records showing they are not selling to end users who will use the product as an insecticide. India has cited state-level court cases in Kerala and Gujarat endorsing the legal rationale for applying the restriction on boric acid imports.

Import Licensing

When assessing whether import licenses are required, India distinguishes between goods that are new and those that are secondhand, remanufactured, refurbished, or reconditioned. India allows imports of secondhand capital goods by end users without an import license if the goods have a residual life of at least five years. India requires import licenses for all remanufactured goods because India does not recognize that remanufactured goods have typically been restored to original working condition and meet the technical and safety specifications applied to products made from new materials. Refurbished items must be no more than seven years old and have a remaining life span of at least five years. U.S. stakeholders have reported that obtaining an import license for remanufactured goods is onerous. U.S. stakeholders noted excessive details are required in the license application, quantity limitations are set for specific parts, and long delays occur between the submission of an application and the granting of a license. A Chartered Engineer's Certificate is also required to import both refurbished goods and used manufactured goods. In the case of refurbished medical devices, the absence of guidelines to issue licenses and clear import processes under the Medical Device Rules has historically caused delays and uncertainty, limiting U.S. exports. U.S. companies report that they have been unable to import their devices into India since April 2024, when India's regulator Central Drugs Standard Control Organization (CDSCO) suspended approvals of existing and new applications for import licenses.

On August 3, 2023, the Indian Government announced restrictions on imports, including an import licensing requirement, of certain information and communications technology products, including laptops, tablets, and servers classified under Harmonized System (HS) heading 8471. While the licensing requirements were initially set to take effect immediately, India delayed implementation until November 2023 and subsequently introduced an Import Management System (IMS) to administer import licenses. India has extended the IMS several times, most recently through December 31, 2026. U.S. exporters have expressed concerns over the lack of prior U.S. stakeholder consultations, delays in the issuance of licenses, implementation of quantitative restrictions, and conflicting interpretations across Indian Government agencies that have resulted in customs investigations.

Import Restrictions on Ethanol

Despite ambitious targets for blending ethanol with gasoline, India prohibits the importation of ethanol for fuel use. The MOCI also requires an import license from the DGFT to import ethanol for non-fuel purposes. In addition, the DGFT restricts biofuel imports under Harmonized System (HS) subheadings 2207.20 and 2710.20 and HS heading 3826 for non-fuel use to actual users. Since May 2019, the MOCI has required an import license for importing biofuels under these HS headings and subheadings.

Customs Barriers and Trade Facilitation

India's tariff rates are announced with the annual budget and are modified on an *ad hoc* basis through notifications in the *Gazette* without the opportunity for public comment. The tariff rates are subject to numerous exemptions that vary according to the product, user, intended use, or specific export promotion program. This renders India's customs system both complex and open to administrative discretion.

U.S. exporters have raised concerns regarding India's application of customs valuation criteria to import transactions. Indian customs officials sometimes reject the declared transaction value of an import, especially if it is a product for which India maintains benchmark prices, potentially raising the cost of exports beyond what is expected given India's applied tariff rates. U.S. companies have also faced extensive investigations related to their use of certain valuation methodologies when importing computer equipment.

U.S. companies have reported being subject to extensive inspections and seizures of imports that do not appear to be risk-based. India's customs authority generally requires extensive clearance documentation, often in electronic and paper format, which is duplicative and often leads to lengthy processing delays. U.S. exporters also raise concerns about regional variations in the application of customs procedures and in documentation requirements. These could be addressed with a robust advance ruling system in which regional discrepancies are superseded by rulings issued at a central, territory-wide level. However, U.S. exporters often report that advance rulings from one region are not respected in another region and that there is no effective central mechanism to resolve the differences.

Medical Device and Pharmaceutical Price Controls

India's National Pharmaceuticals Pricing Policy, 2012 (NPPP) establishes a regulatory framework for drug pricing including medical devices. In 2013, the NPPP issued the Drugs Prices Control Order, 2013 (DPCO), which set ceiling prices for scheduled formulations-medicines included in the National List of Essential Medicines (NLEM) issued by the Ministry of Health and Family Welfare. In 2017, the National Pharmaceuticals Pricing Authority (NPPA) enforced ceiling prices on coronary stents and orthopedic knee implants, reducing prices by up to 75 percent for stents and 65 percent for knee implants. The ceiling prices for knee implants will remain in effect until at least November 15, 2026. The NPPA slightly increased the ceiling prices for coronary stents in April 2025.

A DPCO amendment effective January 2019 provides new drugs patented in India and drugs for treating orphan diseases five years of exemption from price control from the date of commercial marketing. In May 2023, the NPPA announced that the ceiling price of drugs going off-patent would be reduced by 50 percent to curb profiteering. U.S. stakeholders have advocated that the five-year price control exemption continue until the patent expires in India. They argue that subsequent ceiling prices of the off-patent drugs should be fixed based on market-based pricing rather than the 50 percent price cut on patent expiry.

U.S. medical device and pharmaceutical companies continue to raise concerns, noting that the price controls have not been increased in line with inflation and do not differentiate on the basis of the cost of production or technological innovation, which dissuades U.S. companies from serving the market.

Additionally, U.S. innovative pharmaceutical companies are largely unable to access the majority of India's pharmaceutical market because the Indian Government's largest public health program—Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY), which provides health coverage to more than 700 million Indian citizens—does not reimburse any patented medicines.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

The United States has discussed technical barriers to trade (TBT) matters with India through the TPF as well as at, and on the margins of, meetings of the WTO Committee on Technical Barriers to Trade (WTO TBT Committee).

Quality Control Orders

Through quality control orders (QCOs), India has made numerous Bureau of Indian Standards (BIS) standards mandatory in a variety of sectors, including chemicals, electronics, medical device components and parts, batteries, food, and textiles. These QCOs target raw materials and intermediate goods in addition to finished products, which can disrupt supply chains. The means of verifying compliance vary. For example, India requires that chemicals have BIS marks before importation, which can be issued following a site visit by an Indian inspector to the manufacturing facility. The United States has concerns that BIS standards: are not fully aligned with international standards, and India has not demonstrated that international standards would be ineffective or inappropriate; often do not provide a means of establishing conformity or include significantly burdensome requirements; and lack clear timelines for transition periods and license validity. The United States also has concerns that U.S. stakeholders were not consulted during the development of many of these standards.

In 2025 the Indian Government rescinded or delayed the implementation of a range of QCOs: the Ministry of Chemicals and Fertilizers rescinded 35 QCOs on chemical products, the Ministry of Mines rescinded seven QCOs on metals, the Ministry of Textiles rescinded two QCOs on textile inputs, and the Ministry of Heavy Industries deferred implementation of its QCO on electrical equipment. Despite this positive development, burdensome and trade-restrictive QCOs still remain in effect for key U.S. exports, including medical devices, chemicals, electronics, cosmetic ingredients, and agriculture.

Alcoholic Beverages

Since 2023, the Food Safety and Standards Authority of India's (FSSAI's) Food Safety Standards (Alcoholic Beverages Amendment) Regulations have been published, but the FSSAI has not clarified the timeline for enforcement. Several concerns regarding the amended regulations remain, including: (1) the establishment of analytical parameters for a range of naturally occurring components in distilled spirits; (2) minimum and maximum requirements for ethyl alcohol; (3) the lack of explicit protection for Bourbon, Rye, and Tennessee Whiskey as distinctive products of the United States; (4) a lack of clarity on definitions related to single malt and single grain whiskies, brand owners, date markings, non-retail containers, multi-unit packs and spirits-based ready to drink (RTD) standards; and (5) lack of acceptance of U.S. certificate

of analysis from chemists and laboratories certified by the U.S. Alcohol and Tobacco Tax and Trade Bureau of the U.S. Department of Treasury.

Mandatory Domestic Testing and Certification Requirements for Telecommunication Equipment and Information and Communications Technology Goods

In September 2017, India's Ministry of Communications, Department of Telecommunications published the Indian Telegraph (Amendment) Rules, which require all telegraph equipment to undergo mandatory testing and certification. Under these rules, in 2019 India implemented the Mandatory Testing and Certification for Telecom Equipment (MTCTE) procedures, which, in effect, require in-country testing and certification for telecommunications equipment to ensure compliance with essential requirements, including electromagnetic interference, electromagnetic compatibility, product safety, and security requirements. In May 2021, India's Telecommunication Engineering Center proposed implementing procedures for the MTCTE program, and the scope of equipment covered under the program has been continuously expanded, with Phase VI announced in February 2025. U.S. industry remains concerned with the costly in-country testing and certification requirements, as U.S. equipment is often already tested in accordance with international standards. The United States, bilaterally through the TPF and multilaterally in the WTO TBT Committee, has urged India to reconsider its domestic testing and certification requirements, to accept test results from Global Accreditation Cooperation Incorporated accredited labs, and to adopt the use of the Common Criteria Recognition Arrangement.

U.S. electronics and information and communications technology manufacturers continue to raise concerns regarding the Ministry of Electronics and Information Technology's (MEITY's) Electronics and Information Technology Goods (Requirements for Compulsory Registration) Order, 2012 (CRO). The CRO policy mandates that manufacturers register their products and have them certified by laboratories accredited by BIS, even if the products have already been certified by internationally accredited laboratories. Since its introduction in 2012, the CRO's scope has been expanded to 65 product categories, with Phase VII announced in 2024.

India's National Center for Communications Security (NCCS), within the Department of Telecommunications, introduced the Communication Security Certification Scheme (ComSec) for testing and certification for the security requirements under MTCTE. Through ComSec, telecommunication equipment such as routers, Wi-Fi access points, LAN switches, and firewalls must comply with a list of security standards known as Indian Telecom Security Assurance Requirements (ITSARs) and undergo costly third-party testing at a designated Telecom Security Testing Laboratory (TSTL) in India. U.S. industry has raised concerns that the ITSARs are operationally difficult to comply with, overly prescriptive, and contain requirements unique to India. On June 18, 2025, NCCS issued an Office Memorandum prescribing a new self-declaration of conformity to fulfill the ITSAR source code security assurance clause and removing mandatory disclosure of source code and proprietary information contained in detailed internal test reports, except following network security incidents. U.S. industry raised concerns with the self-declaration of conformity, including the requirement for manufacturers to attest their software is free from specified vulnerabilities, and the continued request for source code disclosure in the event of a network compromise. In October 2024, NCCS published a notice allowing manufacturers of certain products to apply for *pro tem* certification, which allows for the submission of a self-declaration of conformity to demonstrate compliance with the applicable ITSAR instead of undergoing in-country testing. Originally, the *pro tem* certificates were to be valid for six months, but on December 5, 2025, NCCS extended the validity for *pro tem* certificates from six months to two years.

With regards to all three testing programs, U.S. stakeholders have cited the following as continuing issues: lack of government testing capacity; a cumbersome registration process; canceled registrations due to administrative reasons that are unrelated to safety; additional compliance costs that can exceed tens of

millions of dollars, including costs associated with factory-level and component-level testing; and, in the case of the ComSec, potential requirements to disclose source code and full internal testing results.

The U.S. Government has recommended that the Indian Government recognize internationally accredited labs, harmonize labeling requirements with global practices, harmonize the validity period of test reports and certification, eliminate retesting requirements, and, for the ComSec, remove all source code disclosure requirements and streamline the disclosure of testing information.

Automotive Requirements

India does not fully accept U.S. automotive requirements as sufficient for meeting its domestic requirements, which hinders U.S. vehicle and vehicle parts exports from entering the Indian market.

Sanitary and Phytosanitary Barriers

The United States has raised concerns about the science and risk basis for India's sanitary and phytosanitary-related trade barriers to food and agricultural imports with India through various bilateral and multilateral engagement, including the TPF, the WTO Committee on Sanitary and Phytosanitary Measures (SPS Committee), and the Codex Alimentarius Commission. The United States will continue to make use of all forums available for engagement with a view to securing the entry of U.S. agricultural products, including dairy products, alfalfa hay and other feed grains, and other agricultural products, into India's market.

Agricultural Biotechnology

Products derived from modern biotechnology must be approved by the Genetic Engineering Appraisal Committee (GEAC) before importation or domestic cultivation. India's Food Safety and Standards Act of 2006 includes specific provisions for regulating food products derived from genetically engineered (GE) products; however, as of December 31, 2025, the FSSAI was still in the process of establishing its regulations. India's biotechnology approval processes are slow, opaque, and subject to political influences, and do not appear to take into account science-based approval processes for GE products in exporting countries. The uncertain approval process continues to hamper GE product registrations needed to facilitate trade in food and feed products.

Non-Genetically Modified and Genetically Modified-Free Certificates

In March 2021, the FSSAI implemented an order requiring a non-Genetically Modified (non-GM) origin and "Genetically Modified-free" (GM-free) certificate for 24 listed products. Each consignment of these products entering India must be accompanied by (1) a non-GM origin and GM-free attestation on the phytosanitary or health certificate that contains the information specified in the FSSAI's order of August 21, 2020, or (2) a non-GM origin and GM-free certificate issued by a regional (*i.e.*, state-level) government authority of the exporting country. The 24 products include grains, oilseeds, fruits, and vegetable products, regardless of whether Genetically Engineered (GE) varieties of those crops are in commercial production or are being exported to India. India has not provided any scientific or risk-based justification for the requirement. The United States and several other countries have pressed India to rescind the requirement in comments submitted to the WTO TBT and SPS Committees, and continued to engage the Indian Government, including the FSSAI, on the order.

Certificate Requirements

In September 2022, the FSSAI issued a clarification notice that it will require a new health certificate for the import of milk and milk products, pork and pork products, and fish and fish products. The certificates entered into force in late 2024. India has indicated that it will continue to update certificates for additional commodities.

Foreign Facilities Registration for Agricultural Products

As of December 31, 2025, the FSSAI requires the competent authorities of exporting countries to provide a list of exporters of milk and milk products; meat and meat products, including poultry and fish; egg powder; infant food; and nutraceuticals to India in the mandated FSSAI format.

Dairy Products

India imposes onerous requirements on dairy imports. India requires that dairy products intended for food be derived from animals that have not consumed feeds containing internal organs, blood meal, or tissues of ruminant or porcine origin and that exporting countries certify to these conditions, which lack a discernable animal health or human health justification. This requirement, along with the recent dairy health certificate requirements, new facility registration requirements, and high tariff rates, continues to hamper market access for U.S. milk and dairy product exports to India, one of the largest dairy markets in the world. The U.S. Government continued to press the Indian Government, including through the TPF, to provide greater access to the Indian dairy market.

Distiller's Dried Grains with Solubles

Since 2015, India's regulatory authorities have received at least 11 applications from Indian importers to import U.S. dried distillers' grains with solubles (DDGS). Local feed companies, along with the U.S. Government, continue to advocate that DDGS be exempted from further regulatory requirements, noting that DDGS are a processed product and pose no risk to the environment. As of December 31, 2025, India had not approved the import of U.S. DDGS.

In addition, unclear jurisdiction for the approval process for animal feed continues to complicate the process. For example, in December 2019, the FSSAI published Direction 1-95, announcing new requirements for commercial animal feeds and feed materials that are manufactured, imported, or distributed in India. Before the publication of Direction 1-95, however, the FSSAI had not regulated the manufacture, import, or distribution of either commercial animal feeds or feed ingredients in India. India indicated it would issue an administrative order to clarify the formal regulatory authority of animal feed in 2024; however, as of December 31, 2025, the orders were yet to be issued.

Alfalfa Hay

The United States continues to pursue market access for alfalfa hay. The U.S. Department of Agriculture Animal and Plant Health Inspection Service and India's Ministry of Agriculture and Farmer's Welfare held several rounds of technical discussions to address India's import requirements. In 2021, India and the United States agreed to a framework for bilateral market access for several agricultural products, including conventional and GE alfalfa hay from the United States. In August 2022, the GEAC issued a "no objection" to imports of GE alfalfa hay from the United States, and referred the matter to the FSSAI. In October 2022, India's FSSAI raised concerns regarding the approval of GE animal feed imports, including alfalfa hay, impeding additional progress on this issue. The United States continued to raise this issue with India.

Throughout 2025 India indicated its intention to address import approvals of alfalfa hay and other feeds, however, as of December 31, 2025, this remained pending.

Plant Health Issues

India maintains zero-tolerance standards for certain plant pests, such as weed seeds and ergot, that do not appear to be based on risk assessments and that constrain U.S. grain and pulse exports. Bilateral discussions to resolve these issues, including at the senior official level, have achieved little success.

India requires methyl bromide (MB) fumigation at the port of origin as a condition for the importation of pulses. This type of fumigation cannot be performed below 5 degrees Celsius/40 degrees Fahrenheit, limiting its use at many U.S. facilities, so the United States requested that India permit entry of U.S. peas and pulses subject to inspection and fumigation at the port of arrival, to which India acquiesced. India has granted a series of extensions allowing MB fumigation on arrival but has offered no permanent solution. In April 2018, the Indian Government confirmed the extension of the fumigation-upon-arrival waiver for U.S. peas and pulses, including chickpeas, indefinitely until both parties come to an understanding on the U.S. systems-based approach. The U.S. walnut industry requested a change to India's fumigation protocol to allow sulfuryl fluoride and phosphine in place of MB. However, the United States is still awaiting official approval of such change through notification in the Indian *Gazette*. Similarly, the United States is seeking approval for an alternative treatment to MB fumigation for U.S.-origin in-shell pecans, recommending either a cold treatment or a hot water bath treatment for in-shell pecans. The United States is awaiting a response from the Indian Ministry of Agriculture & Farmers Welfare's Directorate of Plant Protection, Quarantine and Storage as well as approval through notification in the Indian *Gazette*.

GOVERNMENT PROCUREMENT

India lacks an overarching government procurement policy, and, as a result, its government procurement practices and procedures vary among different ministries within the central government. India provides procurement preferences to Indian micro-, small, and medium-sized enterprises and to state-owned enterprises (SOEs). In all defense procurements, India's offset program requires companies to invest 30 percent or more of the acquisition cost of contracts above the threshold value in Indian-produced parts, equipment, or services, which continues to be challenging for U.S. manufacturers, including those of high-technology equipment, to meet given changing rules and limited opportunities.

In June 2020, the Department of Promotion of Industry and Internal Trade issued the Public Procurement (Preference to Make in India) Order 2020, a revision to the 2017 procurement order mandating preferences for domestically manufactured goods, including defense procurement. The rule was updated again in September 2020, instructing each ministry or department to draft a follow-on order that favors domestic suppliers, and permits mandated percentages to be applied to benefit Indian suppliers.

The August 2020 changes to General Financial Rules section 161 state that foreign tender enquiries may not be accepted under \$31 million and further reductions of the minimum requirements related to domestic production cannot be implemented without the permission of an appropriate authority. Furthermore, companies must use a third-party or internal auditor to certify the amount of domestic production that will be used if the value is equal to or greater than 10 crore or INR 100 million (approximately \$1.2 million).

In September 2020, the Ministry of New and Renewable Energy released an order reserving a list of 80 products, including solar cells, modules, wind turbines, and electrical equipment for hydro and biogas, for bidding only by suppliers with 50 percent or more domestic content, irrespective of the purchase value.

The Ministry of Power also reserved 78 products for domestic procurement through a similar order published in June 2021.

In April 2020, MEITY issued a notification that entities must procure cellular mobile phones only from domestic suppliers meeting the domestic production requirement of 50 percent, irrespective of purchase value. A September 2020 MEITY notification specified the mechanism for calculation of domestic production for: (1) desktop PCs; (2) thin clients; (3) computer monitors; (4) laptop PCs; (5) tablets; (6) dot matrix printers; (7) contact and contactless smart cards; (8) LED products; (9) biometric access control/authentication devices; (10) biometric fingerprint sensors; (11) biometric iris sensors; (12) servers; and (13) cellular mobile phones.

India is not a party to the WTO Agreement on Government Procurement (GPA), but has been an observer to the WTO Committee on Government Procurement since February 2010.

INTELLECTUAL PROPERTY PROTECTION

India remained on the Priority Watch List in the [2025 Special 301 Report](#) due to inconsistent progress on long-standing intellectual property (IP) concerns raised in prior Special 301 Reports. The [2025 Review of Notorious Markets for Counterfeiting and Piracy](#) (Notorious Markets List) includes physical and online marketplaces located in or connected to India. The United States and India continue to engage on a range of IP challenges facing U.S. companies in India, with the intention of creating stronger IP protection and enforcement in India.

In the field of copyright, policy uncertainty and ineffective enforcement remain concerns. Copyright holders continue to report high levels of piracy, particularly online. Court cases and government memoranda raise concerns that a broad range of published works will not be afforded meaningful copyright protection. In a positive development, in August 2024, the Department for Promotion of Industry and Internal Trade under the Ministry of Commerce and Industry, withdrew a September 2016 office memorandum that extended the scope of statutory licensing under Section 31D of the Indian Copyright Act, 1957 to “Internet broadcasting.” However, some U.S. stakeholders remain concerned about the potential for future amendments to Section 31D to require statutory licensing for interactive transmissions, as recommended by the Department Related Parliamentary Standing Committee on Commerce in July 2021, which would have severe implications for copyright holders who make their content available online. The breadth of some licenses available under Chapter VI of the Indian Copyright Act and overly broad exceptions for certain uses have raised concerns regarding the strength of copyright protection in India. Amendments to the Indian Copyright Act needed to bring India’s domestic legislation into alignment with international best practices are absent. Despite India’s commitment at the TPF Ministerial meetings in November 2021 and January 2024 to comply with the World Intellectual Property Organization (WIPO) Performances and Phonograms Treaty and WIPO Copyright Treaty, collectively known as the WIPO Internet Treaties, to which India acceded in 2018, amendments to the Indian Copyright Act are still needed to fully implement the WIPO Internet Treaties and bring India into alignment with international best practices. Furthermore, U.S. stakeholders have reported continuing problems with unauthorized file sharing of video games, signal theft by cable operators, commercial-scale photocopying and unauthorized reprints of academic books, and circumvention of technological protection measures. While the High Courts at Delhi, Madras (Chennai), Calcutta (Kolkata), and Himachal Pradesh have established their own dedicated IP divisions to handle IP matters, the need for such dedicated IP divisions in other High Courts and additional staffing and sensitization continues.

In the field of patents, several factors negatively affect U.S. stakeholders’ perception of India’s overall IP regime, investment climate, and innovation goals. As of December 31, 2025, patent applicants reported

that they continue to face long waiting periods to receive patent grants, and excessive reporting requirements. While the “Patents (Amendment) Rules, 2024” includes provisions that are likely to increase the efficiency of the patent regime and reduce current burdens on the patent applicants, concerns remain including with respect to the currently amended “Statement of Working of Patents” (Form 27). Among other concerns, the potential threat of patent revocations and the procedural and discretionary invocation of patentability criteria under the Indian Patents Act impact companies across different sectors. In the pharmaceutical sector, the United States continues to monitor the restriction on patent-eligible subject matter in Section 3(d) of the Indian Patents Act and its impacts. U.S. stakeholders continue to raise concerns as to whether India has an effective system for protecting against unfair commercial use and unauthorized disclosure of undisclosed test or other data generated to obtain marketing approval for pharmaceutical and agricultural chemical products. U.S. stakeholders also express concerns as to whether India has an effective mechanism for the early resolution of potential pharmaceutical patent disputes.

India’s overall IP enforcement remains inadequate. U.S. brand owners continue to report excessive delays in trademark opposition proceedings and a lack of quality in examination. Finally, U.S. and Indian companies have identified trade secret protection, including the potential requirement to disclose source code to the Indian Government as a growing concern and expressed interest in India eliminating gaps in its trade secrets regime, such as through the adoption of comprehensive trade secret legislation. Little has been done toward the adoption of a standalone trade secret law, despite being highlighted in India’s 2016 National IPR Policy in July 2021 and recommended by the Department Related Parliamentary Standing Committee on Commerce and Law Commission of India in March 2024. As of March 20, 2026, no civil or criminal laws in India specifically address the protection of trade secrets.

SERVICES BARRIERS

Foreign investment in businesses in certain major services sectors, including financial services and retail, is subject to limitations on foreign equity, and foreign participation in professional services is significantly restricted. In addition, barriers to digital trade and electronic commerce, such as those imposed on electronic payment providers, have secondary effects on a wide variety of services.

Audiovisual Services

The Telecommunications Regulatory Authority’s regulations on content aggregation and distribution do not allow bundling of channels or certain types of distribution partnerships. Content aggregation is commonly used internationally because it allows niche and foreign content to be bundled and sold by domestic partners without a large local presence or sales force. These regulations cause difficulties for small and international content providers because these companies must interact with each of the 60,000 local cable operators, radio broadcasters, and television broadcasters they seek to target.

There are also some limits on foreign ownership in the audiovisual and media sectors, namely FM radio (49 percent), newspapers (26 percent), and digital media firms that upload and stream news and current affairs (26 percent).

Distribution Services

India imposes certain restrictions on federal direct investment (FDI) in the retail industry. With respect to single-brand retail, foreign investments exceeding 51 percent are contingent on, among other things, a requirement to source at least 30 percent of the value of products sold from Indian sources. India has modified the requirements in recent years, including by allowing firms to offset the sourcing requirement by sourcing products from India for global supply chains.

India caps foreign ownership in the multi-brand retail sector at 51 percent and leaves to each Indian state the final decision on whether to authorize such FDI in its territory. In addition, where FDI is allowed, it is subject to conditions, including (1) a minimum investment of approximately \$100 million, at least 50 percent of which must be in “back-end infrastructure” (e.g., processing, distribution, quality control, packaging, logistics, storage, and warehousing); (2) a requirement to operate only in cities that have been identified by the relevant state government; and (3) a requirement to source at least 30 percent of the value of products sold from a subset of Indian enterprises. These conditions on foreign investment diminish the commercial incentive for multi-brand retailers seeking to invest in India’s retail sector.

India prohibits foreign investment in business-to-consumer (or “inventory-based”) electronic commerce. In February 2019, India implemented regulations that expressly prohibit subsidiaries of foreign-owned marketplace-based electronic commerce sites from selling products on their parent companies’ sites. The only exceptions for FDI in inventory-based electronic commerce are for food-product retailing and single-brand retailers that meet certain conditions, including the operation of physical stores in India.

Financial Services

Banking Services

Although India allows privately held banks to operate in the country, the banking system is dominated by state-owned banks, which account for approximately 55 percent of total market share. Most privately owned banks are Indian-owned, with foreign banks constituting less than 0.6 percent of total bank branches in India. Under India’s branch authorization policy, foreign banks are required to submit their internal branch expansion plans on an annual basis, and their ability to expand is hindered by non-transparent limitations established by the Indian Government on branch office expansion. India caps foreign control of private banks at 74 percent (voting rights capped at 26 percent) and public banks at 20 percent. Foreign ownership of infrastructure companies in the securities markets (such as stock exchanges, commodity exchanges, depositories, and clearing corporations) is limited to 49 percent.

Historically, foreign companies (including bank branches) were taxed at a base rate of 40 percent, while domestic companies were taxed at a rate of 25 percent. Effective April 1, 2024, the base corporate tax rate for foreign companies was lowered from 40 percent to 35 percent, though this remains higher than the 20 percent rate applicable to domestic banks. Effective August 16, 2024, with the passage of the Finance Act, the base tax rate for foreign bank branches was reduced from 40 percent to 35 percent. The base tax rate for domestic Indian banks is 22 percent, 25 percent, or 30 percent.

Insurance Services

India maintains an unlevel playing field in the insurance market. SOEs are not subject to the same law and prudential supervision as private firms. The Indian Government maintains an explicit sovereign guarantee on every policy issued by Life Insurance Corporation (LIC), an Indian SOE. Consequently, many customers choose to buy LIC policies over those offered by private insurers, giving LIC an unfair competitive advantage.

On December 17, 2025, the Indian Parliament passed the “Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Bill, 2025” that authorizes India’s regulators to liberalize and modernize India’s insurance sector. Pending finalization of rules by the Reserve Bank of India and the Insurance Regulatory and Development Authority of India (IRDAI) within the Ministry of Finance, India will raise the FDI cap from 74 percent to 100 percent. The legislation will increase investor operational control by eliminating the requirement that half of the board members should be resident Indian citizens. The legislation also modifies

the enforcement powers of IRDAI and mergers and acquisitions procedures. The legislation, once implemented, would allow U.S. insurers to establish wholly-owned subsidiaries in India with greater operational control, removing the previous requirement for Indian joint venture partners. The United States will continue to monitor the development and implementation of these final rules.

In 2015, the IRDAI issued a revision to its regulations governing the provision of reinsurance services in India. The regulations afforded Indian reinsurers a mandatory first order of preference (or right of first refusal) for reinsurance business in India. In 2017, the Reinsurance Experts Committee unanimously recommended that IRDAI implement a waiver process for life insurance products, which it did in 2019. Non-life reinsurance remains subject to a two-step procedure where foreign firms can offer terms to cedents, but every cedent must then first offer the best terms obtained to Indian reinsurers. This results in unequal treatment for foreign reinsurers and consolidates risk in a small number of Indian reinsurers, which is counter to global best practices of global diversification of risk.

In January 2021, IRDAI launched a consultation on draft Registration and Operations of Branch Offices of Foreign Reinsurers Regulations, which created additional potential barriers to trade. The 2021 regulations require branches to localize all core and non-core activities in India, limit the integration of global infrastructure used by the foreign reinsurance branches due to the global master service agreements that parent companies have with IT companies, and require data to be held in centers located and maintained in India.

Electronic Payment Services

The United States continued to raise concerns relating to informal and formal policies with respect to electronic payments services that appear to favor Indian domestic suppliers over foreign suppliers, creating a non-level playing field. The National Payment Corporation of India (NPCI) is a quasi-governmental agency that operates the largest domestic payment system in India, including Unified Payments Interface (UPI) and RuPay (debit and credit) cards. The United States has expressed concerns related to the inability of U.S. electronic payment services suppliers to participate in the UPI ecosystem, including credit transactions on UPI on a level playing field with RuPay. In November 2020, NPCI announced a market share limitation of 30 percent (measured by transactions) for third party app providers initiating online payments made through India's UPI. While this market share cap for third-party payment apps was originally mandated for January 2023, the NPCI has deferred enforcement, with the current deadline set for December 2026. As of December 31, 2025, two U.S.-owned EPA suppliers together process more than 80 percent of all UPI transactions.

The United States also has expressed concern over plans to expand the adoption of a National Common Mobility Card (NCMC), which could disadvantage foreign suppliers.

Financial Services Data Localization

In 2018, the Reserve Bank of India (RBI) implemented a requirement that all payment service suppliers store all payment system data related to transactions processed in India on servers located in India. In 2019, RBI clarified that the requirement to store payments data locally also applied to banks operating in India. Local data storage requirements hamper the ability of service suppliers to detect fraud and ensure the security of global networks.

Professional Services

Legal Services

Membership in the Bar Council of India (BCI), the governing body for the legal profession, is mandatory to practice law in India and is limited to Indian citizens. In May 2025, the BCI adopted amended rules (building on “Rules for Registration and Regulation of Foreign Lawyers and Foreign Law Firms in India, 2022”) allowing foreign law firms to open offices in India for the practice of international and foreign-country law and expanding opportunities to associate with domestic firms and lawyers. U.S. stakeholders have raised concerns about the complexity of new registration and compliance requirements, and procedural and legal uncertainty regarding permissible activities continue to inhibit foreign participation.

Accounting Services

Foreign accounting firms face obstacles to entering the Indian accounting services sector. Only accounting firms structured as partnerships under Indian law may supply financial auditing services, and only Indian-licensed accountants may be equity partners in an Indian accounting firm.

Telecommunications Services

Satellite Services

India’s Ministry of Information and Broadcasting maintains a preference for Indian satellites to provide capacity for direct-to-home (DTH) subscription television services. In practice, DTH licensees have not been permitted to contract directly with foreign satellite operators and have encountered procedural delays when they have sought to do so. Rather, DTH licensees must procure satellite capacity through Antrix, the commercial arm of the Indian Space Research Organization (ISRO), which in turn only permits foreign procurements if it does not have available capacity on Indian satellites. When ISRO does permit the use of foreign satellite capacity, the foreign satellite operator must sell the capacity to ISRO, which in turn resells the capacity to the end-user with a surcharge. The United States continues to encourage India to adopt an “open skies” satellite policy to allow consumers the flexibility to select the satellite capacity provider that best suits their business requirements and to promote market access for foreign satellite service providers.

In 2025, the Department of Telecommunications (DoT) issued new security instructions requiring all licensed satellite communication (satcom) service providers in India to comply with stringent lawful interception, monitoring, and data localization requirements, similar to those imposed on terrestrial telecommunications operators. Satcom providers must ensure their systems can support real-time interception, block government-specified websites and users, restrict service in sensitive areas, and route all Indian user traffic and DNS (Domain Name System) resolution through facilities located within India. They are also required to register and regularly verify user terminals, provide detailed user and device information to law enforcement, implement geo-fencing and special monitoring zones near borders, and prevent unauthorized access or location spoofing. Additionally, satcom providers must commit to not transferring or decrypting Indian user data outside the country and submit a phased plan to source at least 20 percent of their ground infrastructure in India within five years of commercial launch.

Roaming

In March 2024, the Telecom Regulatory Authority of India (TRAI) issued a recommendation to the DoT that it mandate all machine-to-machine (M2M) devices using embedded subscriber identity module (eSIM) cards with international roaming arrangements be switched to domestic mobile network operators within six months of activation, which will impose additional costs on manufacturers and users of M2M devices

by requiring removal or replacement of eSIM cards or rendering affected devices inoperable if their eSIM cards are unable to be removed. Such a mandate does not align with the general international practice to permit companies to enter into global roaming contracts for their devices and prevents U.S. telecommunications operators from providing such services in India. The United States urged the DoT to reconsider the TRAI recommendation and continues to engage with India on this issue.

Other Digitally-Enabled Services and Digital Products

Internet Services

In February 2021, the Indian Government published regulations—the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 (IT Rules)—to govern a wide range of Internet-based service providers, particularly those that operate social media, messaging, and news and entertainment content in India. The IT Rules require compliance by “significant” social media intermediaries and platforms with five million registered users or more. The IT Rules impose a number of requirements that U.S. stakeholders have identified as concerning. For example, the IT Rules impose personal criminal liability on individual employees in cases where a firm is not in compliance with the rules. The IT Rules also include imposition of impractical compliance deadlines and take-down protocols. Since 2021, U.S. firms have been subject to an increasing number of takedown requests for content and user accounts related to issues that appear politically motivated.

In November 2025, the Indian Government updated the IT Rules processes on removing online content deemed unlawful. The updates require that only senior government officials, such as a Joint Secretary or higher, or a Deputy Inspector General of Police, can order social media companies and other online platforms to take down unlawful content. The updates also require that such orders clearly explain the legal justification and specify what content must be removed.

Shutdowns and Other Threats to the Open Internet

India has conducted a number of localized shutdowns of the Internet in recent years. These shutdowns restrict access to information and services, disrupting commercial operations, and thereby undermining a free and open Internet and impeding trade in the digital economy. The United States continues to monitor the impact of these events on U.S. trade and investment, including services exports.

Digital Services Taxation

Effective 2016, India began assessing a 6 percent “equalization levy,” a withholding tax on gross revenue received by non-Indian residents for online advertisements and related services provided to Indian purchasers, with the ostensible goal of equalizing the playing field between resident service suppliers and non-resident service suppliers.

In March 2020, India adopted a 2 percent Digital Services Tax (DST). The tax only applied to non-resident companies, and covered online sales of goods and services to, or aimed at, persons in India. The tax applied to companies with annual revenues in excess of approximately 20 million Rupees (approximately \$239,000). The tax went into effect on April 1, 2020.

In June 2020, the U.S. Trade Representative initiated a Section 301 investigation of India’s DST. On the same day, the Office of the United States Trade Representative (USTR) requested consultations with the Government of India. Based on information obtained during the investigation, USTR prepared a comprehensive report on India’s DST.

Based on the information obtained during the investigation and the advice of the Section 301 Committee, the U.S. Trade Representative determined that India's DST is unreasonable or discriminatory and burdens or restricts U.S. commerce, and therefore is actionable under Sections 301(b) and 304(a) of the Trade Act.

In June 2021, the U.S. Trade Representative determined to take action in the form of additional duties on certain products of India and to immediately suspend those additional duties for up to 180 days.

In October, 2021, India joined the United States and 134 other jurisdictions participating in the Organization for Economic Cooperation and Development (OECD)/Group of 20 (G20) Inclusive Framework on Base Erosion and Profit Shifting in reaching a political agreement on a two-pillar solution to address tax challenges arising from the digitalization of the world economy. As part of Pillar 1, all parties would remove existing DSTs and other relevant similar measures, and would coordinate the withdrawal of these taxes.

In November 2021, India and the United States, under the prior Administration, issued a joint statement on a transitional approach to India's DST during the transitional period prior to implementation of Pillar 1. According to the statement, DST liability that accrued to India during the transitional period would be creditable in defined circumstances against future corporate income tax liability due under Pillar 1. In return, the Section 301 trade action initiated with respect to goods of India was not continued. The arrangement set out in the joint statement was extended to June 30, 2024. The arrangement has not been in effect since.

On January 20, 2025, the United States issued a White House Memorandum titled, "The Organization for Economic Cooperation 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 representatives of the U.S. Department of Treasury 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. In coordination with the U.S. Department of Treasury, USTR has continued to monitor the relevant measures.

In the Finance (No. 2) Bill of 2024, India removed the 2 percent tax as of August 1, 2024. India withdrew its 6 percent "equalization levy" in April 2025.

Data Restrictions

In August 2023, the Prime Minister signed the Digital Personal Data Protection Act (DPDPA), establishing a data privacy regime in India. In November 2025, India published the final implementing rules for the DPDPA, the Digital Personal Data Protection (DPDP) Rules, which impose potentially burdensome requirements on data fiduciaries, and require disclosures of personal data to the Indian Government. Those rules also permit the Central Government to restrict cross-border data transfers to a specific country if the Government of India provides appropriate notification of such restrictions. The DPDPA and the DPDP Rules may also allow for sectoral regulations or laws to supersede the DPDPA and DPDP Rules if said regulations or laws are found to provide a greater degree of data protection.

The DPDPA and DPDP Rules currently do not provide deemed consent for credit information companies (CICs), also known as credit bureaus, operating in India and allow individuals in the country to opt out of sharing financial data with said companies. Financial institutions provide data on individuals to CICs for their credit information services so that financial and other institutions from various segments of the economy can use credit reports to make decisions based on the credit worthiness, or credit score, of an individual. Not providing deemed consent could impact CICs' ability to operate in India, including U.S. credit bureaus.

SUBSIDIES

Agriculture Subsidies

India provides a broad range of subsidies and support to its agricultural sector, including credit subsidies, debt waivers, crop insurance, and subsidies for inputs (such as fertilizer, fuel, electricity, and seeds) at both the central government and state government levels. These subsidies, which are of substantial cost to the government, lower the cost of production for India's producers and have the potential to distort the market in which imported products compete. In addition, producers of 25 agricultural products benefit from the government's Minimum Support Price (MSP) program, which uses one of the most production- and trade-distorting types of support, market-price support. Rice and wheat account for the largest share of products procured under the MSP program and are stockpiled and distributed through India's public stockpiling system. India's announcement of MSPs can have the effect of providing a subsidy to the entire crop by setting a price floor for India's farmers. The prices are announced before the planting season. Therefore, the MSP bolsters planting decisions, resulting in overproduction, limited demand for imports, and artificial export competitiveness. In addition, in certain years and for specific products, states have provided additional incentives in the form of "bonuses" above the MSPs announced by the Government of India. From 2018 to present, several WTO Members have submitted seven counter notifications against India's MSP program, covering several of the 25 agricultural products benefiting from it, with a particular focus on sugar, rice, and wheat.

India's public food stockholding program is a large and complex series of programs designed to carry out multiple objectives. India's public stockholding programs are controversial because the government procures food grains and other commodities at guaranteed supported prices through MSP programs rather than at market prices. In the case of rice, in particular, India's excessive subsidization through market-price support has gone far beyond its domestic food security needs and has helped India secure its place as the top global exporter of rice, accounting for more than 40 percent of global rice exports in recent years. India has notified the WTO that it is exceeding its WTO agricultural subsidy limits for rice for the last four years, but it claims the breach is covered under the 2013 interim WTO Ministerial Decision on Public Stockholding for Food Security Purposes. India is leading efforts at the WTO for an expanded permanent solution on public stockholding, which would allow all WTO developing country Members to use unlimited market-price support for purchases of any products associated with a public stockholding program. While WTO Members can procure unlimited quantities of food for public stockholding at market prices and the number of WTO Members using market-price support for procurement is limited, India and others have framed the issue as a food security issue. In addition, in the past, India has used export subsidies to reduce government-held stocks and has permitted exports of certain agricultural commodities (*e.g.*, wheat) from government public-stockholding reserves at below the government's costs.

Fisheries Subsidies

India has subsidized its fisheries sector since 2015, and has ramped this up in recent years, with the intent to develop its domestic industry and its exports. The Government of India has invested \$4.4 billion between 2015 and 2025 under the Blue Revolution and Pradhan Mantri Matsya Sampada Yojana programs to develop its fisheries sector. This includes support for purchasing deep-sea fishing vessels, converting existing vessels for deep-sea fishing, upgrading and replacing vessels, and purchasing ice plants and cold storage facilities. This economic support allows the Indian Government and its fishers to export seafood products at lower-than-market price to the United States, which then competes with U.S.-caught seafood. The Indian Government has not accepted the WTO Agreement on Fisheries Subsidies.

OTHER NON-MARKET POLICIES AND PRACTICES

India does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Indian markets from distortions and ensure a fair and secure trading relationship. India has not entered into a U.S.–India Bilateral Trade Agreement that includes commitments to address distortions caused by such NMPPs. India does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about India’s law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. India does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in India’s market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within India an unfair advantage.

ENVIRONMENT

Wildlife trafficking is a serious transnational crime that threatens security and economic prosperity. India is a major source of wildlife trafficking products or their derivatives, including tigers, rhinos, pangolins Indian star tortoise, primates and other species, a major transit point of wildlife trafficking products or their derivatives, and a major consumer of wildlife trafficking products. Weak penalties for wildlife crimes, as well as poor environmental law enforcement and corruption, facilitate this illicit activity. Illegal wildlife trade undercuts legitimate U.S. businesses—for example, in the pet, fashion, and medical research sectors that comply with strict regulations and sustainable practices—and contaminates global supply chains, which may be riddled with illicit product that can ultimately reach U.S. consumers.

India faces significant challenges with its fisheries sector, including illegal, unreported and unregulated (IUU) fishing. IUU fishing by Indian fisheries puts legitimate fishermen and seafood producers at a disadvantage in the global market and creates unfair competition with producers who bear the cost of sustainable fishing practices. In addition to IUU fishing, weak environmental and labor practices in India’s shrimp aquaculture sector raise issues with competitive fairness for U.S. shrimpers. The rapid expansion of Indian aquaculture has led to widespread mangrove destruction, eliminated crucial coastal ecosystems, contaminated local water systems, and depleted groundwater. Forced labor and serious safety and health violations in the workplace are frequently documented in India’s shrimp industry. In addition, Indian shrimp producers benefit from government subsidies for fuel, equipment, infrastructure development, and export promotion. In October 2024, the U.S. Department of Commerce announced in a final determination

that it had found countervailable subsidies of approximately 5.8 percent for Indian frozen warm water shrimp.

Shrimp from India, accounted for 36 percent of U.S. shrimp imports in 2025. Average labor and regulatory compliance costs for U.S. shrimpers are significantly higher and this creates a competitive disadvantage. India is a top exporter of fish and fish products to the United States, it is likely that these issues are impacting U.S. supply chains and U.S. producers.

OTHER BARRIERS

Transparency

India's lack of uniform notice and comment procedures and inconsistent notification of these proposed measures to the WTO inhibits the ability of foreign stakeholders and governments to provide input on proposed measures or to adjust to new requirements. The U.S. Government continued to raise concerns regarding the inadequate notice and comment procedures, stakeholder consultations, and WTO notification with the Indian Government bilaterally through the TPF and multilaterally in the WTO and other forums.

INDONESIA

TRADE SUMMARY

The U.S. goods trade deficit with Indonesia was \$23.7 billion in 2025, a 32.5 percent increase (\$5.8 billion) over 2024. U.S. goods exports to Indonesia totaled \$11.0 billion in 2025, up 8.5 percent (\$867.2 million) from 2024. U.S. goods imports from Indonesia totaled \$34.7 billion in 2025, up 23.8 percent (\$6.7 billion) from 2024. Total U.S. goods trade (exports plus imports) with Indonesia was an estimated \$45.8 billion in 2025. Indonesia was the 33rd largest U.S. goods export market in 2025.

The U.S. services trade surplus with Indonesia was \$1.2 billion in 2025, a 15 percent decrease (\$214 million) over 2024. U.S. services exports to Indonesia totaled \$3.2 billion in 2025, up 4.9 percent (\$150 million) from 2024. U.S. services imports from Indonesia totaled \$2.0 billion in 2025, up 22.5 percent (\$365 million) from 2024. Total U.S. services trade with Indonesia was an estimated \$5.2 billion in 2025. Indonesia was the 44th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Indonesia Trade and Investment Framework Agreement

The United States and Indonesia signed a Trade and Investment Framework Agreement (TIFA) on July 16, 1996. The TIFA is the primary mechanism for discussions of trade and investment issues between the United States and Indonesia.

United States–Indonesia Agreement on Reciprocal Trade

On February 19, 2026, the United States and Indonesia signed the United States–Indonesia Agreement on Reciprocal Trade (ART). The ART will enter into force 90 days after the United States and Indonesia exchange written notifications certifying completion of their applicable legal procedures or on such other date as the United States and Indonesia may decide. This NTE Chapter includes an illustrative set of the ART provisions that address identified barriers. The United States will closely monitor implementation of the ART.

IMPORT POLICIES

Tariffs

Indonesia's average Most-Favored-Nation (MFN) applied tariff rate was 8 percent in 2024 (latest data available). Indonesia's average MFN applied tariff rate was 8.6 percent for agricultural products and 7.9 percent for non-agricultural products in 2024 (latest data available). Indonesia has bound 96.3 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 37.1 percent.

For more than a decade, Indonesia has progressively increased its applied tariff rates on a variety of goods, particularly those competing with locally manufactured products. These include electronic products, milling machines, chemicals, cosmetics, medicines, wine and spirits, iron wire and wire nails, and a range of agricultural products. While most tariffs on non-agricultural goods are bound at 35.5 percent, certain sectors, such as automobiles, iron, steel, and select chemical products have tariffs that exceed 35.5 percent

or remain unbound. In the agricultural sector, 99 percent of the products are bound above 25 percent, reflecting Indonesia's protectionist approach in these areas.

Indonesia imposes a 30 percent tariff on fuel ethanol originating from the United States, while permitting imports from countries with which it has trade agreements at reduced or zero tariff rates. Notably, several trade agreements have facilitated the importation of industrial-grade ethanol, particularly from Pakistan, since 2019. The elevated tariff on U.S.-origin ethanol constitutes a significant barrier to U.S. exports, especially given the limited production capacity of domestic fuel ethanol distillers in Indonesia.

Indonesia imposes some of the highest tariffs in the region on imported alcoholic beverages, creating significant barriers to market access. Import duties on wine are as high as 90 percent, and distilled spirits and liqueurs face duties of up to 150 percent.

As of October 2021, Indonesia's Ministry of Finance (MOF) issued MOF Regulation No. 199/2019, which lowered the price threshold for import duty exemptions on imported consumer goods (known as consignment goods) from \$75 to \$3. With the enactment of MOF Regulation No. 96/2023, certain types of books, bags, garments, and footwear were exempted from the regulation, which also imposed new tariff rates on cosmetics, bicycles, watches, and other iron and steel goods. This measure also imposes a number of restrictions on the operations of express carriers delivering items through Indonesia's simplified entry procedures, the most problematic of which were restrictions on returns and imposition of liability on carriers who were not responsible for the breach of customs law. As of February 2025, MOF Regulation No. 4/2025 simplified import tariffs for eight commodity groups into three tariff categories: zero percent for books; 15 percent for cosmetics, iron and steel, and watches; and 25 percent for bags, textile products, footwear, and bicycles. Under the ART, Indonesia has agreed to allow express shipment carriers to efficiently return shipments to the sender if the shipment is undeliverable, and to ensure that penalties under 96/2023 are only imposed on a logistics provider if the logistics provider is responsible for the breach.

In a significant regulatory shift on January 1, 2020, Indonesia's MOF issued Regulation No. 199/2019, which lowered the price threshold for import duty exemptions on imported consumer goods (known as consignment goods) from \$75 to \$3.

U.S. stakeholders had raised concerns in 2025 regarding Indonesia's application of tariffs above its WTO bound rates for certain information and communications technology (ICT) products, such as a 10 percent duty on Harmonized System (HS) code 8517 items despite a zero percent bound rate. However, MOF Regulation No. 62/2025, effective September 8, 2025, reduced the import duty for these products to zero percent.

MOF Regulation No. 135/2024 renewed MOF Regulation No. 9/2024, which exempted Completely Built Up (CBU) and Completely Knocked Down (CKD) battery electric vehicles from Indonesia's luxury goods sales tax until December 31, 2025. MOF Regulation No. 10/2024 exempted CBU and CKD electric vehicles from import duties until December 31, 2025, if the electric vehicle maker builds or invests in a four-wheeled electric vehicle manufacturing facility in Indonesia.

Under the ART, Indonesia has agreed to eliminate or reduce tariffs on over 99 percent of U.S. products exported to Indonesia, including for all health products, seafood, information and communications technology, automotive products, chemicals, and all food and agricultural items with the exception of certain alcoholic beverages and products containing alcohol as an ingredient.

Taxes

U.S. stakeholders continue to express concerns about the tax assessment process of the MOF's Directorate General of Taxes. Such concerns include: a non-transparent and cumbersome auditing process; heavy fines for administrative mistakes; lengthy dispute mechanisms; and a lack of legal precedent within the Tax Court.

Excise taxes on imported distilled spirits can reach up to \$9.50 per liter. Indonesia's current excise tax regime imposes higher excise tax rates on imported spirits than on domestic spirits. MOF Regulation No. 160/2023 sets the excise tax rate 24 percentage points higher for imported products compared to domestic products for beverages with an alcohol content between 5 percent and 20 percent, and 52 percentage points higher for imported products compared to domestic products for beverages with higher alcohol content between 20 percent and 55 percent.

MOF Regulation No. 110/2018 increased withholding tax rates for 1,147 imported products, including consumer and luxury goods. The stated objective for this policy is to decrease Indonesia's current account deficit by reducing imports of these goods. MOF Regulation No. 41/2022, effective April 1, 2022, revised MOF Regulation No. 110/2018 and increased the number of imported items that are subject to prepayment of income tax at the time of import under Income Tax Article 22. The regulation adds HS codes for 716 categories of imported goods subject to income tax at a rate of 10 percent of the transaction value. The regulation lists 1,188 HS codes subject to income tax at a rate of 7.5 percent and seven HS codes with an income tax at a rate of 0.5 percent. U.S. stakeholders have raised concerns that the process of claiming a return of excess pre-paid income tax at the time of import can take multiple years and considerable effort.

MOF Regulation No. 136/2024 outlined Indonesia's implementation of the Global Minimum Tax with a minimum effective tax rate of 15 percent effective January 1, 2025. Technical implementation details were pending as of December 31, 2025.

Under the ART, Indonesia has agreed to review and, as appropriate, amend its internal taxes to ensure that any such taxes are not in excess of those applied to like domestic products.

Value-Added Taxes

Indonesia applies a standard value-added tax (VAT) rate of 11 percent to most goods, including U.S. exports to Indonesia. It rebates VATs duties on exports, including exports to the United States. There is no *de minimis* threshold for this VAT.

MOF Regulation No. 131/2024 provides that certain imported goods classified as luxury goods are subject to a VAT of 12 percent effective January 1, 2025.

Under the ART, Indonesia has agreed to refrain from imposing any VAT that discriminates against U.S. companies.

Non-Tariff Barriers

Quantitative Restrictions

In addition to covering some agricultural products, including rice, corn, beef, and sugar, under the commodity balance policy, as noted below, Indonesia exercises stringent control over the importation of these commodities through annual quantitative import limits based on domestic production and

consumption forecasts. These import restrictions are designed to protect local industries but have significant implications for market access for U.S. and other foreign exporters.

For example, sugar refineries are only allowed to import raw sugar to produce refined sugar for the food and beverage industry, and only up to an Indonesian Government-predetermined annual allocation, and sugar mills are only authorized to import raw sugar to offset idle milling capacity. While some food and beverage companies are permitted to import limited volumes of sugar directly, these imports are subject to strict conditions, including a requirement to prioritize the use of refined domestic sugar before resorting to imports. This policy effectively limits flexibility for companies, constraining their ability to source sugar competitively on the global market.

In addition, Indonesia indirectly restricts the importation of chicken parts, such as leg quarters and breasts, which are key U.S. poultry exports. While earlier regulations limited imports to whole birds, foie gras, and certain specialty items, Ministry of Agriculture (MOA) Regulation 42/2019 and MOA Regulation 15/2021 allow a broader range of poultry products, including specific cuts and offal from chickens, turkeys, ducks, geese, and guinea fowl. However, the import permit process remains complex and restrictive, and U.S. poultry facilities must still undergo a lengthy approval process—typically two to three years—before exporting to Indonesia.

Under the ART, Indonesia has agreed to not impose or maintain quantitative restrictions, including through the application of import licenses, a commodity balance program, or similar measures, on imports of originating goods of the United States, except in accordance with the General Agreement on Tariffs and Trade 1994.

Import Licensing

Indonesia's import licensing system continues to be a significant non-tariff barrier for U.S. businesses due to numerous, overlapping import licensing requirements that impede market access. The Ministry of Trade requires all importers to obtain an import license as either an importer of certain goods for further distribution (API-U) or as an importer for their own manufacturing (API-P); importers are not permitted to obtain both types of licenses. An API-P import license allows companies to import finished products for market testing, after sales service purposes, or to “complete a product line,” but only if the goods are new, consistent with the company's business license, and meet stringent import requirements. Under Government Regulation (GR) No. 29/2021, importers must obtain a business identification number (NIB) through Indonesia's Online Single Submission (OSS) processing system. The NIB serves as a valid general import license and can serve in place of an API-U or API-P. Companies report that the OSS adds complexity and causes delays due to frequent technical issues and a lack of system integration (*i.e.*, national- and local-level requirements are not fully synchronized within OSS). Although all interested parties should be able to apply for an advance ruling to ensure the treatment of imports upon arrival, in effect, Indonesia limits applications to only those with both an NIB and an API license.

Presidential Regulation No. 7/2025, issued on February 3, 2025 and amending Presidential Regulation No. 61/2024, provides for a commodity balance policy, which makes the issuance of import licenses subject to an assessment by the Indonesian Government of supply and demand for a commodity. The policy was initially implemented at the end of 2021 for 2022 import licenses for five commodities (sugar, rice, fish, meat, and salt). The policy was expanded in 2023 to cover 19 additional products, including some non-agricultural products. In early 2025, the policy was expanded to include garlic, and the Indonesian Government has indicated it intends to include apples, grapes, and oranges.

U.S. stakeholders have expressed concern regarding the GOI's lack of stakeholder consultation on this policy, expansion to new products with little notice, and inconsistent implementation, which has led to

frequent delays in obtaining import licenses. Challenges are particularly dire at the start of each calendar year, when companies are required to adapt quickly to new or revised regulations issued with little or no warning. Minister of Trade (MOT) Regulation No. 36/2023—which aims to synthesize all import-related regulations and serve as an “umbrella” regulation for the management of Indonesia’s import policies—also require that import licenses for certain commodities be issued based on the commodity balance policy. Indonesia continues to withhold providing a comprehensive list of products that will be subject to this policy in the future. The United States remains concerned about the lack of transparency, import quantity restrictions that do not reflect market demand, and the repeated delays in importers receiving licenses, especially at the start of each calendar year.

On June 30, 2025, Indonesia’s Ministry of Trade replaced Regulation No. 36/2023 with Regulation No. 16/2025, later amended by MOT Regulation No. 37/2025, introducing eight dynamic commodity clusters to support more flexible regulatory adjustments. Sector-specific regulations are organized for chemicals, hazardous materials, and mining materials (MOT Regulation No. 20/2025, as amended by No. 32/2025); agricultural and livestock products (MOT Regulation No. 18/2025, as amended by No. 31/2025); consumer goods (MOT Regulation No. 23/2025); certain industrial goods (MOT Regulation No. 22/2025); electronic and telematics goods (MOT Regulation No. 21/2025); salt and fishery commodities (MOT Regulation No. 19/2025); used goods and non-hazardous waste (MOT Regulation No. 24/2025); and textiles (MOT Regulation No. 17/2025). MOT Regulation No. 16/2025 also establishes a 15-working-day Service Level Agreement (SLA) for processing applications, replacing the previous 5-working-day SLA, and shortens the late submission deadline for import approval extensions to 2 working days before expiration.

Indonesia’s Ministry of Energy and Mineral Resources in mid-2025 notified private fuel distributors that the ministry would shift from a yearly quota system for gasoline imports to three- to six-month quotas. The Ministry also abruptly capped 2025 imports at 110 percent of 2024 volumes and directed fuel distributors to procure any additional base fuel needed to supply customers from state-owned Pertamina.

Indonesia has issued a number of measures that make it difficult to import cellular- and Wi-Fi-equipped products. Under MOT Regulation 21/2025, importers of certain products, including mobile phones, handheld computers, and tablets are required to become a registered importer and obtain an import approval. These importers are also required to hold a valid Importer Identification Number (API), comply with preshipment technical verification requirements, and ensure that telecommunications-enabled devices obtain product certification from the Ministry of Communications and Digital Affairs (MCDA). U.S. industry stakeholders have complained that it takes months to get a decision on license requests.

U.S. companies have reported that, in some cases, the Ministry of Industry (MOI) is informally limiting import quantities under existing licenses (issued under MOI Regulation No. 38/2024) to protect locally manufactured cell phones, handheld computers, and tablets. Importers of any type of cell phone, handheld computer, or tablet are also subject to MOI Regulation No. 68/2016, which requires importers to obtain an MOI recommendation to establish themselves as registered importers of such devices. A recommendation is only available for local manufacturers, importers in a joint venture with a local manufacturer, or importers of specialized items. Altogether, Indonesia’s licensing practices impose significant barriers on the importation of cellphones, handheld devices, and other electronic devices.

Import Licensing for Agricultural Products

Indonesia maintains complex and burdensome licensing regimes for the importation of horticultural products, animals, and animal products. In 2013, the United States challenged Indonesia’s restrictions under the WTO’s dispute settlement procedures because Indonesia repeatedly failed to address U.S. Government concerns. On December 22, 2016, the WTO issued the panel report, finding for the United States and co-complainant New Zealand on all 18 claims and finding that Indonesia was applying import

restrictions and prohibitions that were inconsistent with WTO rules. The WTO Appellate Body subsequently upheld the panel's findings.

Since the Appellate Body report, Indonesia has amended its import licensing requirements several times. Through the issuance of MOA Regulation No. 2/2020, imports of horticultural products from countries with a food safety system recognized by the MOA, such as the United States, are exempt from the requirement to provide certain quality and safety certificates. This regulation also extends the validity of horticultural product import licenses for 60 days into the following calendar year. However, MOA Regulation No. 5/2022 affirms the requirement for 29 imported horticultural products to have an import recommendation (RIPH). MOT Regulation No. 18/2025, as amended by MOT Regulation No. 31/2025, does not include the RIPH requirement and provides that import licenses will instead be issued on the basis of available supply and demand data, if the commodity balance for a particular product has not yet been determined. In practice, this has limited the quantity of import licenses issued to individual importers due to MOT's assessment that the importer lacks sufficient cold storage facilities or other logistics, even when the importer plans to distribute the product immediately and not store it.

Under the ART, Indonesia has agreed to only apply automatic import licensing for U.S. food and agricultural products and exempt these products from its commodity balance policy, horticultural products import licensing regime, and other import licensing regimes.

Import Licensing for Distilled Spirits and Wine

Obtaining an alcoholic beverage importer permit (IT-MB) is also challenging, as applicants must demonstrate a portfolio of 20 foreign brands or manufacturers from at least five countries and have six distributors across a minimum of six provinces. According to U.S. stakeholders, only about 15 IT-MB holders currently operate in Indonesia, and import licenses are subject to strict quotas that limit import volumes. As a result, some new importers choose to partner with existing license holders and pay a fee to access import quotas, rather than navigate the complex licensing process themselves.

While these measures are intended to regulate the market, the combination of high tariffs differentiated excise rates, burdensome licensing, strict quotas, and distribution restrictions continues to present challenges for U.S. and other foreign suppliers seeking to access the Indonesian market.

Biofuels Market Access

The regulatory framework governing the importation of fuel ethanol in Indonesia was marked by inconsistencies in 2025. Minister of Energy and Mineral Resources (ESDM) Regulation 04/2025 mandates ethanol blending but prohibits biofuel companies from importing ethanol. The same regulation explicitly bars Indonesian biofuel producers, including ethanol producers, from engaging in importation activities. In June 2025, the MOT introduced a deregulation package permitting the importation of ethanol without requiring import approval from the ESDM. However, in September 2025, the MOT reversed this policy through Regulation 32/2025, reinstating the requirement for ESDM approval for ethanol imports.

Under the ART, Indonesia agreed not to adopt or maintain any measure that prevents the import of U.S. bioethanol.

Pharmaceutical Market Access

The U.S. pharmaceutical industry has raised concerns regarding the opportunity for meaningful stakeholder engagement in Indonesia's pharmaceutical procurement system. Stakeholders specifically report a lack of transparency with regard to how pharmaceutical products are selected for listing on Indonesia's online

public procurement catalog and whether there are clear criteria governing how long such products remain listed.

Minister of Health Regulation No. 1010/2008 requires a foreign pharmaceutical company either to manufacture locally or to entrust another company that is already registered as a manufacturer in Indonesia to obtain drug approvals and import permits on its behalf.

Presidential Regulation No. 10/2021 limits traditional medicine companies to domestic ownership only, effectively excluding foreign companies from this market segment.

State Trading

Per Presidential Regulation No. 143/2024, the Coordinating Ministry for Economic Affairs (CMEA) no longer oversees the commodity balance process for food commodities but retains its lead on the commodity balance process for non-food commodities. On November 5, 2024, the President issued Regulation No. 147/2024 assigning the Coordinating Ministry for Food Affairs (CMFA) to replace the CMEA in overseeing and coordinating the implementation of the food commodity balance process. The CMFA also oversees the procurement of food commodities, such as rice and beef to address shortages in production and to meet consumer demand during festive months.

Indonesia imposes restrictions on feed corn imports, limiting the right to import to the state-owned procurement body, the Bureau of Logistics (BULOG). As Indonesia's sole importer of feed corn, BULOG prioritizes corn distribution to small-holder poultry farmers. The import volume is set according to the level of domestic feed production and subject to the commodity balance policy. Feed millers other than the small holders who receive corn from BULOG are obligated to use locally produced feed corn. They have expressed concern that they are unable to obtain feed corn in quantities sufficient to maintain the poultry industry's growth.

BULOG also maintains exclusive authority to import standard 15 percent to 25 percent broken rice. Indonesia has cited food security and price management considerations as the principal objectives of this policy. BULOG is not allowed to import rice before, during, or immediately after the main harvest period. Private firms are only allowed to import 100 percent broken rice for processing or specialty rice varieties, such as basmati and jasmine rice, for retail and food service. Importers of 100 percent broken and specialty rice must first obtain an importer identification number from MOT and an import recommendation from MOA before obtaining import licenses from MOT.

Presidential Regulation No. 125/2022 on Government Food Reserves states that BULOG is appointed as Indonesia's sole importer of rice, feed corn, and soybeans for government food reserves. Additionally, through MOT Regulations No. 57/2017 and No. 7/2020 and BAPANAS Regulation No. 5/2022, the Indonesian Government sets farmer-level and consumer-level reference prices for corn, soybeans, sugar, shallots, beef, chicken, eggs, and cooking oil. According to these regulations, BULOG and other state-owned enterprises can intervene in the market when prices are above or below threshold targets. Citing domestic production surpluses, the Indonesian Government declined to authorize BULOG to import rice and corn for feed. Only industry can import corn for food and industrial use (for corn starch manufacturers and ethanol producers). However, in 2025, the Indonesian Government halved corn import quotas for industry, despite the need for low-aflatoxin corn that is not available locally. For 2026, under the Commodity Balance, the Indonesian Government recently decided to allow only 300,000 metric tons of corn for industry, about 15 to 20 percent from the total demand. The Ministry of Agriculture has indicated a stronger intent to fully ban corn imports by 2027.

Under the ART, Indonesia has agreed to not adopt or maintain any measure granting an entity a special or exclusive importation right that limits U.S. agricultural products or otherwise limit or restrict importers from importing U.S. agricultural products into Indonesia.

Customs Barriers and Trade Facilitation

Indonesia notified its customs valuation legislation to the WTO in September 2001, but has not yet responded to the WTO Checklist of Issues that describes how the WTO Customs Valuation Agreement (CVA) is being implemented. U.S. firms regularly report challenges with Indonesian customs practices, particularly with assessment of import duties. Indonesian customs officials often rely on a schedule of reference prices rather than using transaction values as the primary method of valuation, as required by the WTOCVA. Further, U.S. exporters report differing valuation determinations in different regions for the same product.

In addition, MOT Regulation No. 16/2021 requires pre-shipment verification by designated companies (known in Indonesia as “surveyors”), valid only for one shipment at a time, for a broad range of products. These include: electronics; textiles and footwear; toys; cosmetics; and various agricultural products including beverages, horticultural products, rice, salt, and sugar. As of December 31, 2025, Indonesia had yet to notify these measures to the WTO pursuant to the WTO Agreement on Preshipment Inspection. Under the ART, Indonesia has agreed to reform its pre-shipment inspection mechanism to address the concerns of U.S. exporters no later than three months after the date of entry into force of the ART.

MOF Regulation No. 190/PMK.04/2022, in force since January 14, 2023, establishes customs operations for intangible goods, such as electronic transmissions, software downloads, and other digital goods which are transmitted electronically including procedural requirements and classification under Chapter 99 of the Indonesian tariff schedule. Stakeholders report that the regulation creates significant administrative burdens on U.S. industries by imposing a declaration requirement for filing with the local customs office every time a commercial entity purchases an electronic transmission from abroad, and associated paperwork retention requirements that are undefined and uncertain. The United States has been raising its concerns about this measure at the WTO Committee on Trade Facilitation since June 2023. Under the ART, Indonesia has agreed to eliminate these tariff lines and no longer require that a declaration be filed for every commercial electronic transmission.

With regard to penalties assessed for breaches of customs law, Indonesian customs agents can receive rewards of up to 50 percent of the value of the item seized or of the duty-amount owed. The WTO Trade Facilitation Agreement disciplines the creation of incentives for the assessment or collection of penalties greater than those commensurate with the degree and severity of the breach. Indonesia is one of only a few major U.S. trading partners that still has such an incentive system. The system is a cause of concern due to the potential for corruption and the cost, uncertainty, and lack of transparency associated with the customs penalty and reward system. Under the ART, Indonesia has agreed to ensure that any incentives offered to customs agents are not based on, or calculated as, a percentage or portion of administrative sanctions assessed or proceeds of the auction of goods resulting from a breach of Indonesian law.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Standards and Testing Requirements

MOI Regulation No. 24/2013, as amended by MOI Regulations No. 55/2013 and No. 29/2018, requires that imported toys be tested by a laboratory with a mutual recognition agreement (MRA) with one of Indonesia's product certification bodies. The United States is not aware of any existing MRAs, leaving imported toys subject to mandatory testing in Indonesia in order to obtain certification. U.S. stakeholders have expressed concern about the discriminatory frequency of testing under these regulations, which is required on a per shipment basis for imports but only every six months for domestically-produced products.

MOI Regulation No. 29/2018 introduced an alternative procedure that allows importers to obtain a certification through product testing and an audit of production processes. Indonesia notified this measure to the WTO in November 2018. U.S. manufacturers remain concerned by the lack of clarity about how products can enter the market under the alternative procedure.

Government Regulation (GR) No. 28/2021 requires in-country conformity assessment testing for a wide variety of consumer goods, including toys, electronics, and home appliances. GR No. 28/2021 requires that all steps of product testing be conducted by an Indonesian national residing in Indonesia, further complicating product sample collection for products that use a per shipment testing scheme. The implementing regulation to GR No. 28/2021, MOI Regulation No. 45/2022, entered into force in November 2022, two months prior to its notification to the WTO in January 2023. GR No. 28/2021 was amended by GR No. 46/2023 in September 2023, but the conformity assessment testing requirements remain unchanged. U.S. stakeholders have reported that the requirements under GR No. 28/2021 and GR No. 46/2023 have made conformity assessment processes more difficult. Further, MCDA Decree No. 13/2025 ended Indonesia's unilateral recognition of foreign testing laboratories for telecommunication equipment, replacing previous decrees, such as MCDA Decrees No. 109/2024 and No. 865/2023. Foreign labs without MRA status may only be used until December 31, 2026; after that, only MRA-recognized labs will be accepted. As the United States and Indonesia do not have an MRA for telecommunications equipment, U.S. conformity assessment bodies (CABs) would no longer be able to provide test reports for Indonesian type-approval certification beginning January 2027.

Under the ART, Indonesia has agreed to accord to U.S. conformity assessment bodies treatment no less favorable than it accords its own bodies, as well as to ensure its conformity assessment procedures are applied in a non-discriminatory manner.

Halal Import Requirements

Under Law No. 33/2014 on Halal Product Assurance, halal certification is mandatory for food, beverages, pharmaceuticals, cosmetics, medical devices, biological products, genetically engineered products, consumer goods, and chemical products sold in Indonesia. All business processes, including production, storage, packaging, distribution, and marketing, are covered by this law. As Indonesia continues to develop regulations to implement this law, U.S. stakeholders are concerned that Indonesia finalized many such regulations before notifying the draft measures to the WTO and taking stakeholder comments into account, as required under the WTO Agreement on Technical Barriers to Trade and as recommended by the WTO Committee on Technical Barriers to Trade (WTO TBT Committee). Indeed, over the past five years, Indonesia has demonstrated a pattern of notifying Halal Law implementing measures to the WTO with

short stakeholder comment periods or after they have already entered into force. This includes some of the key implementing measures that are detailed below. The United States continued to raise concerns with all of these implementing regulations.

Minister of Religious Affairs (MORA) Decree No. 748/2021 outlines a broad range of products requiring halal certification. This regulation was amended by MORA Decree No. 944/2024 for the food and beverage category. Other product types, such as drugs, cosmetics, genetically engineered products, chemical products, biology products, and consumer goods still refer to MORA Decree No. 748/2021. MORA Decree No. 1360/2021, also known as the halal “positive list,” sets out a list of foods, ingredients, additives, and other materials that are not required to obtain halal certification. The list is a living document, meaning it can be amended without requiring the issuance of a new decree. However, U.S. industry stakeholders claim this list leads to uncertainty as the procedure for proposing substances to the “positive list” remains unclear and current halal regulations lack clarity on how they treat chemical products that contain impurities, even in their purest forms. MORA Decree No. 816/2024 identifies specific food and beverage products (by HS code) required to be halal certified.

In January 2023, the Indonesian Government issued Presidential Decree No. 6/2023, which requires that all medicines, biological products, and medical devices sold in Indonesia, along with their manufacturing methods (including associated materials, manufacturing processes, storage, and packaging) be halal-certified. Stakeholders have expressed concern over the administration of the system, which they contend has lacked adequate consultative processes and does not follow internationally negotiated halal systems.

Halal Product Assurance Organizing Agency (“BPJPH”) Regulation No. 3/2023 concerns the accreditation of foreign halal certifying bodies (HCBs) and the conformity assessments they must complete. The United States is concerned that the accreditation regulations create redundant document requests, increasingly onerous requirements for auditors to qualify, and an arbitrary scope-to-auditor ratio policy, all of which increase costs and unnecessarily delay accreditation procedures for U.S. HCBs seeking to become accredited to issue halal certificates for U.S. exports to Indonesia. The final step in obtaining recognition is for each HCB to conclude an MRA with BPJPH and receive a certificate of accreditation. Under the ART, Indonesia has agreed to streamline the process by which U.S. halal certifiers obtain recognition by BPJPH and accelerate approvals. Indonesia has also agreed to allow any U.S. Halal certifier recognized by BPJPH to certify any products as halal for importation into Indonesia without additional requirements or restrictions.

GR No. 39/2021 maintains the original timeline for phasing in mandatory halal certification, including for food and beverage products (by October 2024); traditional medicines and food supplements, cosmetics, chemical products, genetically modified organisms, wearable clothing items, household appliances, office products, and class A medical devices (by October 2026); over-the-counter medicines and class B medical devices (by October 2029); and prescription medicines and class C medical devices (by October 2034). In January 2023, Presidential Decree 6/2023, on Halal Certification of Medicines, Biological Products, and Medical Devices, was issued, requiring class D medical devices to be halal certified by October 2039. On October 18, 2024, the Indonesian Government issued GR No. 42/2024, amending GR No. 39/2021 and extending the deadline “up to” October 17, 2026, for imported food and beverages (with certain caveats). The regulation provides for the Minister of Religious Affairs to determine the precise date for the extension. Moreover, both GR No. 39/2021 and GR No. 42/2024 article 16 require the separation of halal and non-halal products in transportation from storage to product distribution facilities and in transportation for product distribution. Indonesia further detailed the requirements for halal transportation of goods in November 2025 under its draft “Guidelines for the Implementation of the Halal Product Assurance System in Storage Services, Packaging Services and Distribution Services” which is pending promulgation. In November 2025, the Indonesian Government notified to the WTO TBT Committee a draft regulation on

HS codes of product types that are required to have halal certification in food and beverages, food additives, cosmetics, and natural medicine.

Under the ART, Indonesia has agreed to exempt U.S. manufactured goods, non-animal products, and animal feed from any halal certification and halal labeling requirements. Indonesia has also agreed to not impose labeling or certification requirements on non-halal products.

Product Testing

Indonesia's National Agency of Drug and Food Control (BPOM) sets out requirements for testing of heavy metals in cosmetics in its Regulation No. 12/2019, which replaced Regulation No. 17/2014. A 2016 BPOM Circular Letter further clarified the 2014 requirements, mandating that they be fulfilled via a certificate of analysis, which remains valid for one year. In practice, despite the certificate's year-long validity, Indonesia's Directorate General of Customs and Excise requires that each individual shipment be accompanied by a separate, distinct test, in effect adding a repetitive layer of compliance. These measures appear to be intended to limit imports.

Under the ART, Indonesia has agreed to remove duplicative testing requirements, including for shipment-specific testing and certification, for testing of heavy metals in cosmetics.

Automotive Requirements

Indonesia does not fully accept U.S. automotive requirements as sufficient for meeting its domestic requirements, creating barriers for U.S. vehicle and vehicle parts exports to enter the market. Under the ART, Indonesia has agreed to accept vehicles and vehicle parts that are manufactured to comply with U.S. Federal Motor Vehicle Safety Standards and U.S. emissions standards for products sold in the United States. Indonesia has also agreed to accept U.S. compliance procedures for automotive products without requirements for U.S. vehicles to undergo additional processes to enter Indonesia's market.

Sanitary and Phytosanitary Barriers

Facility Registration for Animal-Derived Products

Indonesia's animal health and husbandry law (Law No. 18/2009, as amended by Law No. 41/2014) requires companies that export to Indonesia animal-derived products, such as meat, dairy, and eggs, to complete a pre-registration process with the MOA. The law allows imports of these products only from facilities that Indonesian authorities have individually approved. MOA Regulation No. 15/2021 maintains this requirement and adds a new provision requiring raw materials used for the manufacturing of products of animal origin to originate from facilities that have already been approved by Indonesia. However, this requirement can be met by providing the food safety certificate of source facilities that have not been approved by Indonesia.

Under MOA Regulations No. 42/2019 and No. 15/2021, all establishments seeking to export animal products to Indonesia must undergo inspections to obtain eligibility certificates. As part of this process, and based on GR No. 28/2023, the MOA charges fees for a desk audit of application materials, an on-site facility inspection, and a post-audit desk review. Among all trading partners' registration requirements, U.S. exporters identify Indonesia's as the most burdensome. Dairy production facilities are required to pass lengthy technical desk audits but not the on-site audits required of other animal products. Other facilities (*i.e.*, meat and rendering) are required to undergo on-site facility inspections and post-audit desk reviews. Pet food and other products of animal origin are also required to undergo the same lengthy approval process but the requirement for on-site audit depends on the result of the desk audit. Indonesia charges fees for

transportation and lodging costs for MOA officials conducting inspections in the United States. In total, companies seeking to export to Indonesia could pay more than \$10,000 for each facility's onsite inspection and post-audit desk review. Many of the U.S. companies affected are small businesses that report that the fee is a significant barrier.

Under the ART, Indonesia has agreed to recognize U.S. regulatory oversight, including listing of all U.S. meat, poultry, and dairy facilities and accepting certificates issued by U.S. regulatory authorities.

Recognition of the U.S. Food Safety Control System for Fresh Foods of Plant Origin

The Indonesian Government recognizes the U.S. Food Safety Control System for Fresh Food of Plant Origin (FFPO), which exempts U.S. exporters of covered products from many of the requirements faced by non-recognized countries. This FFPO recognition was first granted in 2009 and must be renewed every three years. The current recognition is set to expire on January 16, 2027. In January 2024, U.S. apples were unjustifiably excluded from the scope of the FFPO recognition renewal in 2023 due to a questionable non-compliance finding in one shipment of U.S. apples on July 26, 2022. The U.S. Government and the importer were only notified of the finding several months later. After months of high-level engagement between the United States and Indonesia, on October 16, 2024, the Indonesian Quarantine Authority (IQA) officially confirmed it reinstated apples to the list of U.S. FFPO recognition under IQA Decree No. 8014/2024. With the reinstatement of apples, Indonesia now recognizes the food safety of 79 types of U.S. FFPO products. However, prior to January 2024, Indonesia recognized 88 commodities. IQA removed nine commodities, including carrots, melons, pecans, and spinach, from the scope of the U.S. FFPO recognition due to the United States not having previously exported these products to Indonesia in substantial quantities, not due to science-based food safety findings.

Under the ART, Indonesia has agreed to provide permanent FFPO recognition for all U.S. plant products.

Prior Notice Requirement

On January 8, 2025, the IQA notified to the WTO, IQA Regulation No. 14/2024, "Decree of The Head of the Indonesian Quarantine Authority concerning Procedures for Integrated Quarantine and Surveillance Measures" (WTO notification G/SPS/N/IDN/154). This regulation applies to the importation, exportation, and distribution of animals and animal products, plants and plant products, and fish and fish products in Indonesia. The measure requires U.S. exporters to complete a "Prior Notice" submission in the IQA's online system before each shipment departs the U.S. port. The measure also sets a 21-day period, calculated from the issuance date of the phytosanitary certificate, for the shipment to leave port. Any non-compliance with the 21-day rule must be explained in a statement letter explaining the cause of the delay. The statement letter must be presented to Quarantine Officers at Indonesian destination ports in order to release the shipment. Both the Prior Notice and 21-day rule on Phytosanitary Certificate requirements are in effect as of June 4, 2025.

Under the ART, Indonesia has agreed to not require the submission of a notice request prior to departure for U.S. agricultural products.

GOVERNMENT PROCUREMENT

Indonesia grants special preferences to encourage domestic sourcing and to maximize the use of domestic production in government procurement. It also instructs government departments, institutes, and corporations to utilize domestic goods and services to the maximum extent feasible. Presidential Regulations No. 54/2010 (as amended by Regulation No. 12/2021) and No. 38/2015 both require procuring

entities to maximize domestic production in procurement, use foreign components only when necessary, and designate foreign contractors as subcontractors to local companies. Both regulations provide general minimum requirements (for example, 40 percent under Regulation No. 12/2021) for domestic production and provision of services. Depending on the sector or nature of the project, ministries with authority over the project may impose additional restrictions or requirements.

Specific to the medical device sector, in 2021, with the aim of increasing domestic production, the Indonesian Government suspended imports of 79 medical device product categories from the government's electronic catalog (e-Katalog) with minimal notice and without prior stakeholder consultation. Since that time, U.S. stakeholders have frequently raised concerns about their products being blocked from public hospital purchases under the e-Katalog and requested that the Indonesian Government allow a sufficient grace period for the transition to local production, assuring patient access to safe and high-quality medical devices.

Indonesia's 2012 Defense Law and Presidential Regulation No. 76/2014 mandate a priority preference for domestic materials and components in defense procurement, requiring defense agencies to prioritize domestically produced goods and services whenever available. In addition, when an Indonesian Government entity procures from a foreign defense supplier due to a lack of available products from an Indonesian supplier, there is a requirement for trade balancing offsets. These offsets may take various forms, including the incorporation of domestic production, production offsets, technology transfer, or a combination of these elements. While this regulatory framework seeks to bolster opportunities for local industry, the framework also poses challenges for foreign defense companies, which must navigate complex offset obligations in order to participate in the Indonesian market.

Indonesia is not a Party to the WTO Agreement on Government Procurement, but has been an observer to the WTO Committee on Government Procurement since October 2012.

INTELLECTUAL PROPERTY PROTECTION

Indonesia remains on the Priority Watch List in the [2025 Special 301 Report](#). U.S. right holders continue to face challenges with respect to adequate and effective intellectual property (IP) protection and enforcement, as well as fair and equitable market access. While Indonesia has made progress in addressing some of these concerns, including improving coordination among members of its IP enforcement task force and increasing some enforcement efforts to address online piracy, significant concerns remain.

Widespread copyright piracy and trademark counterfeiting (including online and in physical markets) are key concerns. The Mangga Dua Market in Jakarta continues to be listed in the [2025 Review of Notorious Markets for Counterfeiting and Piracy](#) (Notorious Markets List), along with multiple online Indonesian marketplaces. Lack of enforcement remains a problem, and the United States urges Indonesia to continue utilizing the IP enforcement task force to improve enforcement cooperation among relevant law enforcement agencies and ministries. Few foreign right holders are able to benefit from the system because of local domicile requirements and large deposits that are required to cover the value of seizures during enforcement actions, which would be forfeit if the goods are not proven counterfeit. The United States also continues to encourage Indonesia to provide an effective system for protection against the unfair commercial use, in addition to unauthorized disclosure, of undisclosed test or other data generated to obtain marketing approval for pharmaceutical and agricultural chemical products. The United States also remains concerned about Indonesia's law regarding geographical indications (GIs).

In October 2024, Indonesia enacted a new Patent Law, which reflected amendments made through the Omnibus Law No. 6 on Job Creation. These amendments modified requirements for patents to be worked

in Indonesia so that the requirements can be met by importation or licensing. The new Patent Law also broadened the scope of patentable products and technologies and clarified the patentability of computer-implemented inventions. However, the Patent Law not only failed to address existing concerns, but also raised new concerns about how applicants can comply with disclosure requirements for inventions related to traditional knowledge and genetic resources and what are the grounds and procedures for issuing compulsory licenses. Moreover, the Patent Law includes a new requirement for patent holders to make a statement regarding the implementation of their patents at the end of each year.

The United States continues to urge Indonesia to fully implement the bilateral Intellectual Property Rights Work Plan, signed on May 14, 2018.

Under the ART, Indonesia has made commitments that will benefit American innovators and creators by enhancing IP protection and prioritizing enforcement against IP theft. This includes joining and fully implementing key international IP treaties and taking steps to resolve many long-standing IP issues identified in USTR's Special 301 Report. Indonesia has also agreed to robust standards for transparency and fairness regarding the protection of GIs and to ensure that U.S. products can continue using terms that have been unfairly protected as GIs.

SERVICES BARRIERS

Audiovisual Services

Indonesia's 2009 Film Law imposes a 60 percent screen quota for Indonesian films. In 2019, the Minister of Education and Culture issued Regulation No. 34/2019, which prohibits dubbing foreign films and prohibits foreign companies from distributing or exhibiting films.

Express Delivery Services

Indonesian law requires that suppliers of intercity courier and express delivery services be majority-owned by Indonesians and that foreign suppliers limit their activities to provincial capitals with international airports and seaports. Under the ART, Indonesia has agreed to allow foreign investment without ownership restrictions for U.S. investors in delivery services, as well as to remove restrictions on foreign suppliers of delivery services that prohibit them from operating outside of provincial capitals with international airports and seaports.

Financial Services

The Indonesian Financial Services Authority (OJK) Regulation No. 56/03/2016 limits bank ownership to no more than 40 percent by any single shareholder, applicable to foreign and domestic shareholders. In certain cases, the OJK may grant exceptions to this general rule. Based on OJK Regulation No. 12/POJK.03/2021, the OJK increased the foreign equity cap for commercial banks to 99 percent with prior assessment from the banking supervisor unit at the OJK.

The OJK restricts foreign ownership in private credit reporting firms to 20 percent under BI Circular Letter No. 15/49/DPKL.

Indonesia's central bank, Bank Indonesia (BI), limits foreign ownership of payment companies to 20 percent (but exempts existing investments that exceed this foreign equity limitation) under BI Regulation No. 18/40/PBI/2016. In March 2025, BI issued regulation No. 4/2025 on payment system policy and

repealed BI regulation No 18/2016, but the foreign ownership limits on payment system infrastructure providers and payment service providers remain unchanged.

BI Regulation No. 19/08/2017 on the National Payment Gateway (NPG) requires all domestic retail debit and credit transactions to be processed through NPG switching institutions located in Indonesia and licensed by BI. Bank Indonesia has the discretion to exempt transactions from onshore processing requirements, and grants such exemptions to U.S. electronic payment services providers. The regulation also imposes a 20 percent foreign equity limitation on firms that wish to obtain a switching license to participate in the NPG, prohibiting the cross-border supply of electronic payment services for domestic retail debit and credit card transactions. The technical guideline, BI Regulation No. 19/10/PADG/2017, mandates that foreign firms form partnership agreements with a maximum of two licensed Indonesian NPG switches in order to process domestic retail transactions through the NPG. BI must approve such agreements, and the regulation makes approval contingent on the foreign partner firm supporting development of the domestic industry, including by technology transfer. Under the ART, Indonesia has agreed to continue to allow international payment networks provided by U.S. companies to process domestic credit card and electronic commerce transactions on a cross-border basis, as provided by the exemption provisions in its regulations and agreed to refrain from imposing requirements to process data onshore, provided the country's authorities have, for regulatory and supervisory purposes, immediate, direct, complete, and ongoing access to the information processed or stored outside Indonesia's territory.

Indonesia requires all ATM and debit cards issued in Indonesia to use a national chip standard (NSICCS), which automatically routes transactions through the NPG switches. Debit cards can include both the national NSICCS standards and international EMV standards or application identifiers in one chip; however, when these debit cards are used in Indonesia at a point-of-sale terminal they are automatically routed through NPG, the domestic switch. U.S. stakeholders have also argued that removing investment restrictions on Indonesian payment system infrastructure should be allowed and international standards for risk management and security should be adopted to encourage competition in Indonesia's payment sector. Under the ART, Indonesia has agreed to allow for use of internationally-accepted chip standards for all domestic card transactions, including contactless debit (tap-to-pay). Additionally, Indonesia has agreed to allow U.S. card networks to process domestic credit card and card not present/e-commerce transactions on a cross-border basis.

BI Regulation No. 23/6/PBI/2021 implemented an 85 percent foreign ownership cap for non-bank payment service operators, also known as front-end payment companies, but foreign investors may only hold up to 49 percent of voting shares. According to BI regulation No. 23/7/PBI/2021 on payment system infrastructure providers, the foreign ownership cap for payment system infrastructure operators, or back-end companies, remains at 20 percent with strategic rights to be held by domestic parties.

In May 2023, BI issued physical domestic government credit cards that only can be processed through the NPG system and required the use and issuance of government credit cards for government spending transactions at national and local government levels, which is based on MOF Regulation No. 97/2021, revised MOF Regulation No. 196/2018, and Home Affairs Minister Regulation No. 79/2022. U.S. payment companies are concerned this policy will limit access to U.S. electronic payment options.

BI still requires key financial transactions to be processed within the country. Although some electronic processing systems may be located offshore under OJK Regulation No. 11/POJK.03/2022, data localization rules are strict and pose challenges for multinational companies in Indonesia.

The OJK issued Regulation No. 30/2024 on financial conglomerates, which allows foreign ownership in non-operational financial holding companies only through partnerships with Indonesian citizens or entities.

Foreign ownership is capped at 99 percent of the paid-up capital, and any ownership changes must be reported to the OJK.

MOF Regulation No. 50/2025, effective as of August, 2025, imposed an income tax of 1 percent on income received by crypto-asset sellers from transactions using a foreign or unregistered platform, higher than for sellers using domestic licensed exchanges at 0.21 percent, and foreign tax credits are not recognized.

Franchising and Retail Distribution Services

Under MOT Regulation No. 71/2019, retail companies operating in Indonesia are required to prioritize the use of domestic goods and services unless domestic products do not meet a franchisor's quality standards. MOT Regulation No. 23/2021 further requires modern shops to set aside promotion areas for products produced by micro-, small, and medium-sized enterprises (MSMEs) and requires business owners with more than 150 stores to franchise their businesses. MOT Regulation No. 31/2023 extends requirements to prioritize domestic products to electronic commerce platforms, and prohibits foreign merchants from selling imported finished goods valued under \$100 to Indonesian customers via online marketplaces. It also prohibits companies with a marketplace business model from acting as a manufacturer and selling their own branded products.

Telecommunications Services

Minister of Marine Affairs and Fisheries Decree No. 14/2021 on Submarine Pipelines and Cable Systems requires undersea cable systems in Indonesia to follow a limited number of prescribed routes and landing points. This unreasonably restricts U.S. operators from making decisions regarding the most efficient or effective routes and landing points. In addition, under Law No. 66 of 2024, the MCDA requires foreign undersea cable operators to partner with a local operator, which creates significant market barriers for U.S. operators to establish their business operations in Indonesia. Furthermore, Indonesia's cabotage rules only allow Indonesian-flagged vessels to conduct undersea cable surveys, installation, and repair work, which impedes U.S. operators by precluding them from accessing non-Indonesian-flagged vessels for such work (as well as removing opportunities for U.S. owned vessels to provide these services).

Under the ART, Indonesia has agreed to grant exemptions to its cabotage policy for foreign-flagged vessels involved in installing telecommunication cables on or below the sea surface, except with respect to vessels associated with any country of concern.

Other Digitally-Enabled Services and Digital Products

Digital Products

MOF Regulation No. 17/2018 establishes five tariff lines at the eight-digit level (with import duty rates set at zero percent) for software and other digital products transmitted electronically, including applications, software, video, and audio. Despite zero percent tariffs, companies have expressed concern over the administrative burden of this new regulation, including customs documentation reporting requirements. Imposition of any duties on digital products would raise serious concerns regarding Indonesia's longstanding WTO commitment, renewed on a multilateral basis in March 2024, not to impose duties on electronic transmissions. In addition, using a tariff schedule for the application of such duties on non-physical products raises fundamental questions and challenges related to the harmonized tariff system, the role of customs authorities in the digital space, and the determination of country of origin for electronic transmissions.

Under the ART, Indonesia has agreed to eliminate these tariff lines, as well as to support multilateral adoption of a permanent moratorium on customs duties on electronic transmissions at the WTO.

Internet Services

GR No. 71/2019 (GR 71) requires private sector electronic system operators (ESOs) to facilitate supervision by government agencies, including by granting access to electronic systems and data for monitoring and law enforcement purposes. The MCDA issued implementing regulations for GR 71, Regulations No. 5/2020 and No. 10/2021, which require private sector ESOs, including those providing services on a cross-border basis, to register with the MCDA. ESOs that fail to register or comply with government takedown orders for a potentially broad category of prohibited electronic information may be subject to access blocking. Industry stakeholders, including U.S. stakeholders, have voiced concerns over the lack of clarity regarding what content falls within the scope of prohibited content, the lack of an appeal and adjudication mechanism, and the limited notice and turnaround time for ESOs to respond to takedown requests from the MCDA.

INVESTMENT BARRIERS

Presidential Regulation No. 10/2021, as amended by Presidential Regulation No. 49/2021, liberalized foreign investment in Indonesia by repealing the 2016 Negative List of Investment but identifies certain sectors that remain subject to foreign ownership limitations. Foreign investment is limited to 49 percent for enterprises engaged in publishing newspapers and magazines, postal services, and air, land, and sea transportation. Foreign investment is limited to 20 percent for broadcasting service suppliers and certain financial service suppliers. Foreign investment is prohibited for certain activities, such as fish processing and shipbuilding. In addition, sectors and activities open to 100 percent foreign ownership following the repeal of the Negative List of Investment may still be subject to limitations and conditions imposed by the relevant ministry.

GR No. 96/2021, as amended by GR No. 25/2024, requires foreign companies that obtain mining licenses to divest 51 percent of their holdings to Indonesian ownership. Foreign mining companies without integrated processing facilities have 15 years to divest, while companies with integrated processing facilities have 20 years to divest.

GR No. 8/2025, issued in February 2025 and effective in March 2025, requires that natural resources firms in mining, plantation, forestry, and fisheries must hold all proceeds of transactions of at least \$250,000 in Indonesia's financial system for one year. The regulation expands GR No. 36/2023, which stipulates that firms hold 30 percent of proceeds in Indonesia's financial system for 90 days. The 2023 regulation still applies to oil and gas firms.

Under the ART, Indonesia has agreed to allow foreign investment without ownership restrictions for U.S. investors in the mining sector (including any divestment requirements), fish processing, nature-based development projects, ecosystem services, resource efficiency solutions, publishing, delivery services, land transportation, broadcasting, and financial services. Indonesia has also agreed, within 12 months of the ART's entry into force, to permit the transfer of export proceeds for natural resource investments freely and without delay into and out of its territory for U.S. investors.

SUBSIDIES

Indonesia has not submitted a subsidy notification to the WTO under the Agreement on Subsidies and Countervailing Measures since 2019 and has only made one such notification since joining the WTO in 1995.

According to the WTO Secretariat, and pursuant to Indonesia's 2020 Trade Policy Review, Indonesia continues to provide fiscal and non-fiscal incentives for manufacturing and exports in connection with its export processing zones and special economic zones programs. These include incentives related to corporate income tax, property tax, import duty, value-added tax, excise and luxury taxes, and local taxes, in addition to assistance on land acquisition, licensing, investment, and labor. Non-tax incentives in the form of loans and interest rate subsidies continue to be available mainly to domestic MSMEs. Additionally, Indonesia provides various forms of official export financing, insurance, and guarantees through the state-owned Indonesia Eximbank and Asuransi Ekspor Indonesia. The United States will continue to urge Indonesia to submit a WTO notification for all of its subsidy programs.

Under the ART, Indonesia has agreed to provide information regarding all forms of non-commercial assistance or subsidies that it provides to a manufacturing enterprise in its territory upon written request of the United States. Indonesia has also agreed to take action to address the distortive impacts of those subsidies and support mechanisms at the central level on trade and investment with the United States.

OTHER MARKET-DISTORTING PRACTICES

Indonesia does not impose sufficient measures against market-distorting practices in order to insulate the U.S. and Indonesian markets from these distortions and ensure a fair and secure trading relationship. Under the ART, Indonesia has agreed to provisions to address these distortions. Indonesia does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Indonesia's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. Indonesia does not have a ban on importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Indonesia's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Indonesia an unfair advantage.

Under the ART, Indonesia has agreed to address various labor-related concerns that the United States has raised and to implement a ban on the importation of goods produced with forced or compulsory labor.

ENVIRONMENT

Selective Enforcement of Environmental Regulations

Selective enforcement of environmental regulations in Indonesia undermines U.S. business interests by creating an uneven playing field and injecting uncertainty into investment decisions. For example, inconsistent application of forestry and land use rules has allowed some domestic firms to expand oil palm or timber operations on peatlands despite moratoria, while U.S. biofuel, consumer goods, and paper/pulp

buyers face higher scrutiny and reputational risk for sourcing from the same landscapes. In the fisheries sector, variable enforcement of vessel licensing and catch documentation means that operators linked to illegal, unreported and unregulated (IUU) fishing can supply Indonesian and regional markets at lower cost, disadvantaging U.S. processors and retailers that must meet strict traceability standards. In the energy and mining space, uneven monitoring of environmental impact assessments has led to delays or shifting compliance requirements for legitimate foreign projects, while some foreign and locally connected operators proceed with fewer constraints, raising both operational and legal risks for U.S. firms. These disparities collectively reduce transparency, increase compliance burdens, and erode investor confidence, directly constraining U.S. companies' ability to compete fairly in some of Indonesia's high-growth sectors.

Illegal Logging and Associated Trade

Illegal logging and trade in illegally harvested timber puts U.S. companies that comply with environmental laws at an unfair disadvantage, funds transnational criminal organizations, depresses global wood prices, and harms the environment and local communities. U.S. stakeholders have expressed concerns about timber illegally harvested in Indonesia, or illegally exported to Indonesia from the country of harvest, that is driven by inconsistent enforcement of environmental laws and widespread corruption, and potentially disadvantages American producers and manufacturers in these sectors. Valued at roughly \$3.2 billion in 2025, the two-way wood product trade between Indonesia and the United States includes Indonesian furniture, plywood, pulp and paper, as well as U.S. hardwood and veneer. Under the ART, Indonesia has agreed to take measures to improve forest sector governance and to combat, and cooperate with the United States to prevent, trade in illegally harvested forest products.

Illegal, Unreported and Unregulated Fishing

Indonesia faces significant challenges with IUU fishing. IUU fishing in Indonesia's waters puts legitimate fishermen and seafood producers at a disadvantage in the global market and creates unfair competition with producers who bear the cost of sustainable fishing practices. Additionally, according to recent reporting, IUU fishing in Indonesian waters has been associated with other crimes, including human trafficking, drug trafficking, and forced labor. In 2024, Indonesia ranked fourth for seafood imports into the United States. Because Indonesia is a top exporter of fish and fish products to the United States, it is likely that these issues are impacting U.S. supply chains and U.S. producers. Lax enforcement of fisheries-related laws and limited capacity for surveillance impacts Indonesia's ability to effectively prevent and mitigate IUU fishing. Ongoing implementation of a quota-based fishing system across Indonesia, without effective oversight, may exacerbate unfair competition for U.S. producers as other foreign actors have signed agreements with Indonesia to further exploit fisheries in Indonesia's waters. Under the ART, Indonesia has committed to operate a sustainable fisheries management system and to strengthen enforcement of fisheries related laws, regulations and other measures to effectively combat IUU fishing and deter trade in products from IUU fishing.

Illegal Wildlife Trade and Associated Crimes

Wildlife trafficking is a serious transnational crime that threatens security and economic prosperity. Indonesia is a source, transit, and destination country for trafficked wildlife and its derivatives, including some of the world's most critically endangered species, such as orangutans, pangolins, and Sumatran tigers. Weak penalties for wildlife crimes, as well as poor environmental law enforcement and corruption, have historically facilitated this illicit activity. Recent prosecutions in the United States for wildlife trafficking have been linked to sourcing in Indonesia for pets and animal parts. However, in August 2024, Indonesia enacted new legislation, Law No. 32/2024, which imposes stronger penalties for poaching and trafficking, prohibits wildlife trade on social media platforms, and extends legal protections to non-native Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)-listed species. The United

States will monitor implementation and enforcement of this new law to assess whether it has led to positive action to address the unfair trade practice of illegal wildlife trade. Illegal wildlife trade undercuts legitimate U.S. businesses, for example in the pet, fashion, and medical research sectors, that comply with strict regulations and sustainable practices, and contaminates global supply chains, which might be riddled with illicit products that can ultimately reach U.S. consumers. Under the ART, Indonesia has agreed to take measures to combat, and cooperate to prevent, the trade of wild fauna and flora that were taken or traded in violation of its law or another applicable law.

Illegal Mining

Illegal mining distorts global supply chains and undercuts U.S. companies that comply with strict regulations. U.S. stakeholders have expressed concerns about illegal mining in Indonesia, driven by weak enforcement, widespread corruption, and the high profitability of illicit metals. Unlicensed mining, particularly for minerals and coal, is a nationwide challenge in Indonesia. Illegal gold mining is also common, and reportedly perpetrated by Chinese syndicates, which export it to China and other markets. In August 2025, the President of Indonesia vowed to combat illegal mining with fines and the possibility of illegally mined areas being temporarily transferred to a state-owned company. Despite the strengthened licensing requirements and penalty frameworks that have been introduced recently, illegal mining continues.

OTHER BARRIERS

Although the Indonesian Government and the Indonesian Corruption Eradication Commission investigate and prosecute high-profile corruption cases, many stakeholders continue to view corruption as a significant barrier to doing business in Indonesia. Other barriers to trade and investment include: poor coordination within the Indonesian Government; the slow pace of land acquisition for infrastructure development projects; poor enforcement of contracts; an uncertain regulatory and legal framework; inconsistent tax assessments; and lack of transparency in the development of laws and regulations. U.S. stakeholders seeking legal relief in contract disputes have reported that they are often forced to litigate spurious counterclaims and have raised growing concern about the criminalization of contractual disputes.

Export Restrictions

In February 2025, Indonesia amended certain parts of its mining law to give Indonesian community organizations preferential access to mining concessions and require mining companies to fulfill domestic demand first before exporting. The law, originally published in 2009 and amended in 2020 and 2025, prohibits the export of certain ores, including nickel, bauxite, copper, and tin. The United States is concerned about the impact of these measures on steel, aluminum, nickel, and other sectors and their contribution to global overcapacity. On December 11, 2019, the United States requested to join consultations initiated by the European Union concerning the consistency of the export ban with Indonesia's WTO obligations and participated in subsequent panel proceedings as a third party. The panel report in this dispute was circulated on November 30, 2022; the panel found Indonesia's export ban on nickel ore to be inconsistent with its WTO obligations. Indonesia filed a notice of appeal on December 12, 2022.

In the oil and gas sector, some production-sharing contracts and gross split contracts in Indonesia contain a clause specifying that 25 percent of all production must be sold to domestic refineries for domestic consumption. The policy, known as the Domestic Market Obligation, also requires companies to sell the crude oil to domestic refineries at a heavily discounted rate.

Energy and Mining

In the oil and gas sector, GR No. 79/2010, as amended by GR No. 27/2017 and GR No. 93/2021, grants the Indonesian Government significant authority to alter the terms of production-sharing contracts. Aspects of contracts that the government can revise include criteria for cost recovery and tax provisions. The ability of the government to modify such terms introduces additional operational complexity, uncertainty, risk, and costs to oil and gas projects. In addition, the government can also impose on oil and gas companies a maximum amount for costs that can be claimed, such as salaries and goods and services—thereby limiting firms’ flexibility in hiring and procurement.

Local Content

Indonesia imposes a number of local content requirements on certain information and communication technologies in order to sell such products in Indonesia. 4G-LTE enabled devices must contain 35 percent local content; 4G-LTE base stations must contain 40 percent local content; equipment used in certain wireless broadband services must contain local content of at least 30 percent for subscriber stations and at least 40 percent for base stations; all wireless equipment must contain 50 percent local content; and certain TV and set-top boxes must contain at least 20 percent local content. In addition, there are local content requirements for wavelength division multiplexing and Internet protocol network devices. These requirements limit U.S. companies’ ability to sell various telecommunication and electronic products in the Indonesian market. The United States continues to press Indonesia to remove these barriers.

Local content requirements for oil and gas are set out in the Special Task Force for Upstream Oil and Gas (SKK Migas) Working Guideline PTK-007 that mandates prioritization of domestic goods, equipment, services, and manpower. Those local content obligations range from 25 to 60 percent for equipment to as high as 75 percent for services, with exemptions available for strategic goods and equipment with no domestic supply. All oil and gas companies must submit local content requirement planning, certification, and reporting through SKK Migas. Local content requirements also apply to the electricity sector, including generation, transmission, and projects. Minimum content varies by technology between 30 to 70 percent. In 2024, the ESDM issued Regulation No.11/2024 and Decree No. 191/2024 that set a new minimum local content for electricity infrastructure and provided exemptions for projects with 50 percent foreign multilateral or bilateral financing.

MOI Regulation No. 35/2025, effective December 11, 2025, updates the national Local Content Requirement (“TKDN”) and Company Benefit Weighting (“BMP”) framework to modernize, simplify, and harmonize certification across sectors. Key operational details are still missing, however, because as of December 31, 2025, the ministry had not issued the technical guidelines that will define formulas, documentation, and sector-specific criteria. Companies may eventually choose between the old and new calculation methods, but until the guidelines are released, they must continue using the old method. This creates short-term uncertainty, especially for pharmaceuticals and medical devices where definitions of “key components” and “sector methodologies” remain unclear.

Under the ART, Indonesia has agreed to exempt U.S. companies and originating goods from local content requirements.

ISRAEL

TRADE SUMMARY

The U.S. goods trade deficit with Israel was \$6.7 billion in 2025, a 9.4 percent decrease (\$700.7 million) over 2024. U.S. goods exports to Israel totaled \$13.8 billion in 2025, down 6.4 percent (\$951.1 million) from 2024. U.S. goods imports from Israel totaled \$20.6 billion in 2025, down 7.4 percent (\$1.7 billion) from 2024. Total U.S. goods trade (exports plus imports) with Israel was an estimated \$34.4 billion in 2025. Israel was the 30th largest U.S. goods export market in 2025.

The U.S. services trade deficit with Israel was \$389 million in 2025, a 14.9 percent decrease (\$68 million) over 2024. U.S. services exports to Israel totaled \$9.7 billion in 2025, up 10.6 percent (\$934 million) from 2024. U.S. services imports from Israel totaled \$10.1 billion in 2025, up 9.4 percent (\$866 million) from 2024. Total U.S. services trade with Israel was an estimated \$19.8 billion in 2025. Israel was the 26th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Israel Free Trade Agreement

The United States–Israel Free Trade Agreement (FTA) entered into force on August 19, 1985. Israel implemented phased tariff reductions, culminating in the complete elimination of duties on all non-agricultural products by January 1, 1995. While Israel has eliminated tariffs on non-agricultural goods as agreed, tariff and non-tariff barriers continue to affect a significant number of key U.S. agricultural product exports.

To address the differing views between the two countries over how the FTA applies to trade in agricultural products, in 1996 the United States and Israel signed an Agreement on Trade in Agricultural Products (ATAP), which established a program of gradual and steady market access liberalization for food and agricultural products effective through December 31, 2001. The United States and Israel completed negotiation and implementation of a successor ATAP in 2004, which granted improved access for select U.S. agricultural products. The 2004 ATAP provides U.S. food and agricultural products access to the Israeli market under one of three categories: unlimited duty-free access, duty-free tariff-rate quotas (TRQs), or preferential tariffs, which are set at least 10 percent below Israel's Most-Favored-Nation (MFN) rates. Originally scheduled to remain in effect through December 31, 2008, the 2004 ATAP has been extended 18 times, and remains in force. On December 1, 2025, the United States and Israel signed an agreement to make permanent modifications to the 2004 ATAP. This permanent ATAP will enter into force when Israel notifies the United States that it has completed its domestic legal procedures for ratification of the agreement. Once in force, the modified ATAP will immediately eliminate duties on 412 agricultural and seafood products and will eliminate duties for the remaining 51 agricultural products covered by the 2004 ATAP over a 10-year period. Israel will also facilitate purchases of several commodities from the United States over the same 10-year period.

The United States and Israel meet regularly to review the implementation and functioning of the FTA and to address outstanding issues. The United States–Israel Joint Committee is the central oversight body for the FTA and last met on May 24, 2023.

IMPORT POLICIES

Tariffs

U.S. food and agricultural exports that do not enter duty free under WTO, FTA, or ATAP provisions face barriers, such as high tariffs and a complicated TRQ system. These products include higher-value goods that are sensitive for the Israeli agricultural sector, such as dairy products, fresh fruits, fresh vegetables, almonds, wine, fresh and frozen fish, and some processed foods. Once the permanent ATAP enters into force, these U.S. products will no longer be subject to these tariffs or TRQs, either immediately or after a 10-year transition period from entry into force.

Israel's Ministry of Finance issued a decree that began a reduction or elimination of tariffs on many agricultural products, including dairy, meat, fresh fruit, and vegetables as part of the Israeli Government's agricultural reform in 2022. Stakeholders estimate that full market access in agriculture could result in increases in U.S. exports to Israel of a variety of agricultural products.

Taxes

Value-Added Taxes

Israel applies a standard value-added tax (VAT) rate of 18 percent to most goods and services, including U.S. exports to Israel. Israel rebates VAT duties on exports, including exports to the United States.

TECHNICAL BARRIERS TO TRADE

On August 4, 2024, Israel adopted amendments to the Standards Law (no. 19) 5784-2024, Import and Export Decree (no. 6) 5784-2024, Energy Sources Law (no. 5) 5784-2024, and the Protection of Public Health Law (no. 109) 5784-2024 allowing for imported goods to be self-certified as consistent with European Union (EU) technical regulations and standards. In contrast, imported goods that are manufactured consistent with U.S. technical regulations and international standards require additional regulatory approval by the Standards Institution of Israel. The legislation, parts of which entered into force on January 1, 2025, applies to the import of dozens of consumer products, including agricultural goods. U.S. industry stakeholders have expressed concerns that the amendments incentivize importers to purchase products that are first-party-certified to European technical regulations and standards rather than U.S. produced goods and therefore may challenge U.S. exports to Israel. Israel is in the process of modifying some of its measures to provide additional flexibility for imported goods that meet U.S. regulations and standards.

GOVERNMENT PROCUREMENT

Israel has offset requirements that it implements through international cooperation (IC) agreements. Under IC agreements, foreign companies that have been awarded government contracts are required to offset foreign goods or services provided under the contracts by agreeing to localization commitments that require one of the following: (1) investment in local industry; (2) co-development or co-production with local companies; (3) subcontracting to local companies; or (4) purchasing from Israeli industry.

Israel is a Party to the WTO Agreement on Government Procurement (GPA).

Since January 1, 2009, the IC offset percentage for procurements covered by Israel's GPA obligations has been 20 percent of the value of the contract, 35 percent for procurements excluded from GPA coverage,

and 50 percent for military procurements. Under the revised GPA, which entered into force in 2014, Israel is required to eliminate offsets for GPA covered procurement by 2029.

U.S. suppliers are at a disadvantage in principle because of sizeable offset requirements that remain in the interim period, despite an Israeli court decision that prohibits the consideration of offset proposals in determining the award of a contract. Small and medium-sized U.S. exporters often are reluctant to commit to making purchases in Israel in compliance with the IC agreements. As a result, their participation in Israeli tenders is limited.

The inclusion of unlimited liability clauses in many government tenders discourages U.S. firms from competing. When faced with the possibility of significant legal costs for unforeseeable problems resulting from a government contract, most U.S. firms choose to insure against the risk, which raises their overall bid price and reduces their competitiveness, as compared to bids from Israeli firms.

The United States has a Memorandum of Understanding (MOU) with Israel covering reciprocal defense procurement, which is intended to facilitate defense cooperation and trade, in part by allowing companies from both countries to compete on defense procurements on an equal basis, consistent with national laws and regulations. The MOU has benefited Israeli defense industries because the United States has opened its procurement market by waiving certain “Buy National” procurement requirements for Israeli products. In contrast, the MOU has not opened the Israeli Ministry of Defense procurements market for U.S. suppliers to the same degree because of requirements to retain local agents or bank accounts to conduct transactions in New Israeli Shekels.

SERVICES BARRIERS

Other Digitally-Enabled Services and Digital Products

Data Localization Requirements

Data protection in Israel is governed primarily by the Protection of Privacy Law (5741-1981) and the guidelines of the Israeli regulator, the Privacy Protection Authority. Similar to the EU General Data Protection Regulation, Israeli law restricts the cross-border transfer of personal data of Israelis unless certain specific criteria are met, such as the use of standard contract clauses. Since July 2023, Israel recognizes the EU–U.S. Data Privacy Framework as a valid mechanism to meet Israeli requirements for the protection of personal data.

(For further information on the EU’s General Data Protection Regulation and the EU–U.S. Data Privacy Framework, see the Other Digitally-Enabled Services and Digital Products subsection in the EU Chapter of this NTE Report.)

OTHER NON-MARKET POLICIES AND PRACTICES

Israel does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Israeli markets from distortions and ensure a fair and secure trading relationship. Israel has not entered into an Agreement on Reciprocal Trade that includes commitments to address distortions caused by such NMPPs. Israel does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

Israel does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Israel's market. This issue may artificially suppress costs, including labor costs, which may give certain goods from and within Israel an unfair advantage.

JAPAN

TRADE SUMMARY

The U.S. goods trade deficit with Japan was \$63.9 billion in 2025, a 7.9 percent decrease (\$5.5 billion) over 2024. U.S. goods exports to Japan totaled \$82.1 billion in 2025, up 3.9 percent (\$3.1 billion) from 2024. U.S. goods imports from Japan totaled \$146.0 billion in 2025, down 1.6 percent (\$2.4 billion) from 2024. Total U.S. goods trade (exports plus imports) with Japan was an estimated \$228.0 billion in 2025. Japan was the 7th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Japan was \$9.2 billion in 2025, a 33 percent increase (\$2.3 billion) over 2024. U.S. services exports to Japan totaled \$53.7 billion in 2025, up 8.8 percent (\$4.4 billion) from 2024. U.S. services imports from Japan totaled \$44.5 billion in 2025, up 4.9 percent (\$2.1 billion) from 2024. Total U.S. services trade with Japan was an estimated \$98.3 billion in 2025. Japan was the 7th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Japan Trade Agreement (USJTA) and the United States–Japan Digital Trade Agreement (USJDTA) entered into force on January 1, 2020. The United States and Japan continue to monitor implementation of these agreements.

United States–Japan Framework Agreement

On July 22, 2025, the United States and Japan announced a Framework Agreement. Under this Framework Agreement, Japan will invest \$550 billion directed by the United States to rebuild and expand core American industries. Japan also agreed to immediately increase imports of U.S. rice by 75 percent, accept imports of U.S. vehicles built to U.S. Federal Motor Vehicle Safety Standards without additional testing, and purchase \$8 billion in U.S. goods, including corn, soybeans, fertilizer, bioethanol, and sustainable aviation fuel. The United States continues to engage with Japan to remove a broad range of barriers to U.S. exports, including barriers at the border, as well as other barriers to entering and expanding the presence of U.S. products and services in the Japanese market.

IMPORT POLICIES

Tariffs

Japan's average Most-Favored-Nation (MFN) applied tariff rate was 3.7 percent in 2024 (latest data available). Japan's average MFN applied tariff rate was 11.9 percent for agricultural products and 2.4 percent for non-agricultural products in 2024 (latest data available). Japan has bound 99.7 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 3.9 percent.

While Japan's average MFN applied tariffs are relatively low for non-agricultural products, certain high tariffs have a negative impact on a range of U.S. industrial goods exports to Japan, such as chemicals, fish, wood products, and jewelry.

Japan is the third largest single-country market for U.S. agricultural products, with U.S. agricultural exports valued at approximately \$10.9 billion in 2025, despite the existence of substantial tariff and non-tariff barriers. While the USJTA removed or reduced tariffs on approximately 90 percent of U.S. food and

agricultural exports, there are several important products for which tariffs remain high and limit U.S. market access, including: rice and rice products; certain dairy products; beverages, including mineral waters and fruit juices; processed foods, including chocolate and other confectionary products; table grapes; fresh strawberries; frozen blueberries; fresh citrus fruit; sugar; and pet food.

Fish and Seafood

U.S. fish and seafood exports to Japan totaled \$758.5 million in 2025. However, the United States faces tariff disadvantages compared to countries that have concluded free trade agreements with Japan. Tariffs of up to 10 percent on several fish and seafood products, such as Alaska pollock, herring, salmon, Pacific whiting, cod, and fish oil, hamper U.S. exports and reduce margins of Japanese importers who rely on U.S. raw product for their processing operations. Other market access issues include Japan's import quotas on Alaska pollock and surimi, cod, Pacific whiting, mackerel, sardines, squid, herring, pollock roe, cod roe, scallops, and kelp. Import quotas and tariffs continue to present barriers to U.S. exports. U.S. companies report that the process of obtaining quota allocation is expensive and subject to frequent delays. The United States has urged Japan to take further action to reduce and eliminate obstacles to U.S. exports of fish and seafood.

Leather and Footwear

Japan maintains high tariffs on leather, footwear, and travel goods, ranging from 3.5 percent to an *ad valorem* equivalent of approximately 130 percent on certain footwear imported from the United States. For example, Japan continues to apply tariff-rate quotas (TRQs) to a limited and tightly controlled volume of leather footwear imports. The tariffs on out-of-quota imports are either 30 percent or ¥4,300 (approximately \$30) per pair, whichever is higher. These tariffs can more than double the cost of imports and negatively affect market access for U.S.-made footwear. Japan also applies TRQs on some raw hides and skins. The United States continues to seek improved market access for U.S. exports in this sector.

Taxes

Value-Added Taxes

Japan applies a standard value-added tax (VAT) rate of 10 percent to most goods and services imports (8 percent to foods), including imports from the United States. Japan exempts VATs duties on exports, including exports to the United States. Imports valued at ¥10,000 (approximately \$70) or less are exempted from the VAT. However, this low-value exemption does not apply to goods subject to other internal taxes (e.g., liquor or tobacco), and certain designated products—such as leather bags, gloves, knitted clothing, ski boots, and leather footwear—are excluded from the exemption due to their potential impact on Japanese industry. These items remain subject to customs duties and consumption tax even if valued at ¥10,000 (approximately \$70) or less, though bona fide personal-use gifts at or below that threshold may still qualify for exemption.

Non-Tariff Barriers

Rice

Japan's highly regulated and nontransparent system of importation and distribution for rice limits the ability of U.S. exporters to meaningfully access Japanese consumers. Japan has established a global TRQ of 682,200 metric tons on a milled basis for imported rice. The Grain Trade and Operations Division of the Ministry of Agriculture, Forestry, and Fisheries (MAFF) Crop Production Bureau manages the TRQ through periodic ordinary minimum access (OMA) tenders and simultaneous-buy-sell (SBS) tenders.

Imports of U.S. rice under the OMA tenders are destined almost exclusively for government stocks. MAFF releases these stocks exclusively for non-table rice uses, such as industrial food processing, animal feed, and re-export as food aid. Under SBS tenders, only a small amount of U.S. rice imported into Japan—still identifiable as U.S. rice—reaches Japanese consumers. Further, MAFF imposes a variable rate mark-up on SBS rice imports, which rose to a maximum ¥292 (approximately \$1.95)/kg in the fall of 2024, due to high domestic demand for table rice. Despite the maximum mark-up, MAFF filled the 100,000 metric tons SBS rice tenders in both 2024 and 2025.

Outside of the government tenders, demand for private rice imports remained strong through 2025, as domestic prices reached record levels. In fact, private imports, which have been historically uncompetitive due to the ¥341/kg (approximately \$2.30/kg) tariff, rose from an approximate 800 metric tons (from all sources) per year, to 90,181 metric tons during the first ten months of 2025. U.S. rice accounted for 71,227 metric tons, or 79 percent, of that total. As of December 31, 2025, U.S. rice exports make up only about 4.2 percent of all rice consumed in Japan. The United States continues to monitor Japan's rice import system in light of Japan's WTO import commitments.

Wheat

Japan requires wheat to be imported through the Grain Trade and Operations Division of MAFF's Crop Production Bureau to secure the lowest tariff rate. The Crop Production Bureau resells the wheat to Japanese flour millers at prices substantially above import prices by imposing a markup. The United States continues to carefully monitor Japan's operation of its state trading entity for wheat and its potential to distort trade.

Pork

U.S. pork exports to Japan are subject to a trade-distorting "gate price mechanism" that functions as a variable levy. To prevent lower-priced imports from competing with Japanese pork, the mechanism levies progressively higher duties on lower-priced imports. This duty is in addition to an *ad valorem* duty that is charged on all chilled and frozen pork, regardless of import value. With the implementation of the USJTA, the variable levy under the pork gate price mechanism is being reduced over time for U.S. pork but will not be completely eliminated.

Ethanol

Japan's current Biofuels Standard establishes a minimum, annual, on-road biofuels target of 500 million liters crude oil equivalent. Japan plans to introduce direct blend E10 gasoline by 2030, which may require increases to its minimum target volume. Additionally, Japan has set an ambitious goal of using 1.7 billion liters, per year, of sustainable aviation fuels (SAF) by 2030, including SAF produced from alcohol. However, Japan uses the International Civil Aviation Organization's (ICAO) default carbon intensity (CI) values for SAF, which are out-of-date and may unfairly reduce Japan's usage of U.S. feedstocks for SAF.

Customs Barriers and Trade Facilitation

Japan maintains customs and border procedures that are often administratively complex and duplicative. U.S. exporters seek coordinated pre-arrival processing by all Japan border agencies of any shipment, by any mode of transportation, for which customs data is submitted sufficiently early. In addition, expanding Japan's advance rulings system to address more customs issues would improve transparency and predictability for U.S. exporters.

(For further information on the treatment of international express delivery suppliers, see the Services Barriers subsection in the Japan Chapter of this NTE Report.)

SANITARY AND PHYTOSANITARY BARRIERS

Food Safety

Regulatory Oversight

As part of an overall effort to streamline management of issues relating to health and infectious disease the Government of Japan shifted its food safety standard administration (under the Food Sanitation Act) from the Ministry of Health, Labor and Welfare (MHLW) to the Consumer Affairs Agency on April 1, 2024. However, responsibility for monitoring and inspection of domestic and imported foods remains with the MHLW.

Pre- and Post-Harvest Fungicides

Japan classifies fungicides applied pre-harvest as pesticides and classifies fungicides applied post-harvest as food additives. These different classifications based on the time of application lack a discernable science-based rationale. Because post-harvest fungicides are classified as food additives, Japan requires products treated with them to be labeled at the point of sale with a list of fungicides used. This requirement does not have a significant impact on domestic producers because Japanese farmers selling their produce domestically do not need to treat their produce for long-distance distribution and generally apply fungicides prior to harvest. The requirement may disadvantage U.S. products, because it inaccurately implies that competing Japanese products have not been treated with fungicides.

Maximum Residue Limits

Japan's procedures for enforcement of maximum residue limits (MRLs) result in uncertainty for shippers, including those who have never violated Japan's standards. Following an MRL violation by one exporter, Japan imposes enhanced surveillance on all imports of that product from the exporting country. If a second violation is detected during the enhanced surveillance period for the same chemical and commodity combination, Japan will detain and test all shipments of that product from the exporting country, holding shipments until residue testing proves compliance. A violation by a single producer from one country does not establish a systemic problem in that country and does not justify taking country-wide measures in response. In 2025, the United States continued to urge Japan to adopt a risk-based approach to addressing MRL violations and apply enhanced measures to all shipments from a particular country only when evidence indicates a systemic, country-wide problem.

Beef and Beef Products

On May 17, 2019, Japan eliminated age-related restrictions on cattle from which U.S. beef and beef product exports to Japan are derived, thereby allowing use of cattle that are 30 months of age and older. However, Japan maintained the requirement that U.S. exporters must hygienically remove those tissues Japan defines to be specified risk materials (SRMs). Japan's definition of SRMs is more restrictive than the World Organization for Animal Health (WOAH) guidelines provide for countries with a negligible risk for bovine spongiform encephalopathy (BSE), as well as the U.S. Department of Agriculture Food Safety and Inspection Service (FSIS) regulations. Specifically, Japan requires that all parts of the head, other than tongues, cheek meat, and skins, be removed. Notably, this excludes head meat, which is allowed under WOAH guidelines and FSIS regulations. This restriction has necessitated the retention of an extra-

regulatory third-party verification program, as FSIS does not verify the removal of the additional tissues. After Japan eliminated its age-related restrictions, the United States sent a letter to Japan in May 2024 requesting Japan amend its BSE-Affected Countries list to remove the United States, and align its SRM definition and import requirements with WOAHA guidelines for countries with a negligible risk for BSE. In 2025, the United States raised this issue with Japan bilaterally. In addition to impacting U.S. beef and beef product exports, Japan's BSE-related restrictions continue to limit market access for live cattle and several U.S. cattle-derived products. The United States continues to seek Japan's alignment with international guidelines.

Animal Health

Poultry

Japan uses a broad definition of poultry that does not align with the WOAHA definition for poultry. In the context of avian influenza and disease surveillance, "poultry" and "non-poultry" are terms used by WOAHA to classify birds based on their risk of entering international and export markets. Japan's overly broad definition may restrict U.S. exports as it does not consider the risk that an animal would enter commercial trade. Japan is the only country that places restrictions for HPAI detections in premises that do not meet the WOAHA definition of poultry. The United States has urged Japan to stop restricting U.S. poultry exports for outbreaks of notifiable avian influenza in non-export-capable U.S. premises as designated by the United States.

Bison Market Access

Japan restricts market access for U.S. bison (*Bison bison*) due to concerns related to BSE. This practice does not align with WOAHA guidelines for BSE, which do not recommend the application of the BSE guidelines to other bovine species such as *Bison bison*.

Casing Market Access

Sheep (*Ovis*) and goat (*Capra*) casings were banned from import into Japan in conjunction with the first BSE case confirmation in the United States in December 2003. Japan lifted the ban on imports of meat derived from sheep and goat in July 2018; however, casings continue to be restricted. This practice does not align with WOAHA guidelines for BSE, which do not recommend the application of the BSE guidelines to other bovine species such as genera *Ovis* and *Capra*.

Plant Health

Fresh Table-Stock Potatoes

U.S. fresh potato exports to Japan are limited to fresh chipping potatoes. In April 2018, the United States submitted an official request to Japan for market access for fresh table-stock potatoes. In September 2023, Japan provided the final pest list for table-stock potatoes and committed to make progress on its pest risk assessment (PRA). In bilateral meeting held on plant health in October 2025, Japan informed the United States that five additional pests were nearly completed and only two pests remained. The United States continued to press Japan to make timely progress on this longstanding market access request.

Apples

In 2017, the United States submitted a request to export apples to Japan under a systems approach, which would provide Japan with a comparable level of phytosanitary protection to Japan's current regulatory

approach and eliminate costly double treatment (cold treatment and methyl bromide fumigation) pest-mitigation requirements for U.S. exporters. In conjunction with the October 2025 U.S.–Japan plant health bilateral meeting, U.S. apple industry representatives arranged a two-day field visit for Japanese Government officials to observe and learn about the systems approach for apples. During the visit, the United States proposed a systems approach pilot program for U.S. apples.

Methyl Bromide Fumigation

Japan requires U.S. fresh produce exporters, including for plums, to apply costly and damaging methyl bromide fumigation, which reduces quality and shelf life. The United States continued to engage with Japan on phytosanitary topics related to the revision of fumigation monitoring requirements for U.S. fresh produce, including U.S. plums.

GOVERNMENT PROCUREMENT

Japan is a Party to the WTO Agreement on Government Procurement (GPA).

Japan is obligated to open its GPA-covered government procurement tenders to goods, services, and suppliers from the United States and other GPA Parties. U.S. companies in several sectors have expressed concern that the Japanese Government sometimes uses technical specifications that could exclude U.S. products and services and, in some cases, may exert pressure on various entities to select domestic companies for procurement opportunities.

INTELLECTUAL PROPERTY PROTECTION

Japan generally provides strong intellectual property (IP) protection and enforcement, although a number of concerns remain.

Japanese and foreign products are eligible for geographical indication (GI) protection in Japan. Japan also has recognized numerous GIs pursuant to international agreements. Exchanges of lists of terms pursuant to international agreements have resulted in Japan granting automatic GI protection to certain terms without sufficient transparency or due process. The United States continued to monitor the implementation of Japan's GI system, as well as the implementation of its agreements with the European Union and other trading partners with respect to GIs.

SERVICES BARRIERS

Express Delivery

The United States remains concerned by unequal conditions of competition between international express delivery suppliers and Japan Post. Private U.S. express carriers are required to declare and calculate duties and consumption taxes on all shipments for customs clearance. By contrast, customs calculation and clearance for Japan Post shipments with a declared value up to ¥200,000 (approximately \$1,335), including Express Mail Services (EMS), are conducted directly by Japanese customs authorities. Since the ¥200,000 threshold covers a significant volume of goods imported into Japan via the postal system, the differential treatment significantly reduces the customs clearance cost burden for Japan Post, providing an unfair competitive advantage.

The United States continues to urge Japan to establish equivalent conditions of competition between Japan Post and international express delivery suppliers in terms of customs procedures and requirements.

Financial Services

Postal Insurance and Banking

The United States has longstanding concerns about the negative impact of Japan Post Insurance on competition in Japan's insurance market and continues to closely monitor the implementation of reforms and privatization of Japan Post. The United States continued to urge Japan not to allow Japan Post Bank and Japan Post Insurance to expand the scope of their operations before a level playing field is established.

Insurance Cooperatives

Insurance cooperatives hold a substantial share of the insurance business in Japan. Some insurance cooperatives are regulated by their respective agencies of jurisdiction (*e.g.*, MAFF or MHLW) instead of by Japan's Financial Services Agency (FSA), which regulates all private sector insurance and financial services companies. These separate regulatory schemes create a nontransparent regulatory environment and afford insurance cooperatives critical business, regulatory, and other advantages over their private sector competitors.

Professional Services

Educational Services

U.S. universities operating in Japan face unfair consumption and corporate income taxes for tuition, fees, dorms, other revenue, and profits. In contrast, the United States does not tax Japanese universities that operate in the United States. Few U.S. universities have established a campus in Japan because foreign universities continue to be taxed, whereas Japanese universities in Japan are exempt from such taxes. Despite extensive consultations with authorities, U.S. universities have only been offered the potential solution of becoming "educational corporations," a status which would subject them to regulations set by Japan's Ministry of Education, Culture, Sports, Science, and Technology, and could impact their legal and administrative ties to their parent universities in the United States.

Legal Services

In 2020, the Japan Fair Trade Commission (JFTC) introduced protections for certain attorney-client communications, a departure from Japan's general absence of such protections. However, the scope of protected attorney-client communications is extremely limited, protecting only legal advice under the Antimonopoly Act regarding alleged antitrust cartels, which involve price-fixing, market allocation, and bid rigging. Furthermore, in principle, only an external lawyer's advice to a client is protected. An in-house lawyer's advice might be protected only if the in-house lawyer is working independently from the enterprise itself. In addition, only legal advice by lawyers qualified in Japan is protected. Legal advice from foreign lawyers (even if they are registered in Japan as a Registered Foreign Lawyer) is not protected. The rules further protect communications only for documents that are carefully segregated from other unprotected documents. The United States continues to monitor developments and support fuller recognition of attorney-client privilege by the JFTC.

Telecommunications Services

Telecommunications Business Act

U.S. service providers, including those offering streaming and cloud-based services, that provide as part of their service intermediate communications with users in Japan are required to register as telecommunications providers with the Ministry of Internal Affairs and Communications (MIC), appoint a representative or agent physically domiciled in Japan, and comply with regulations imposed on domestic operators under Japan's Telecommunications Business Act, including disclosure and reporting obligations.

Other Digitally-Enabled Services and Digital Products

Digital Platform Regulation

In June 2024, Japan's Diet passed the Act on Promotion of Competition for Specified Software used in Smartphones with the stated aim of ensuring fair and open competition in the mobile market ecosystem, including mobile operating systems, app stores, search engines, and browsers. On March 31, 2025, the JFTC, the agency tasked with enforcing the law, issued designations for firms subject to the law, scoping in just two U.S. companies. On July 29, 2025, the JFTC issued final implementing guidelines for the act. During the President's visit to Japan in October 2025, Japan committed to implementing the act in a way that does not discriminate against U.S. companies, balances the need for fair and free competition with user safety and convenience, and respects the legitimate exercise of intellectual property rights. The law became fully effective on December 18, 2025.

Enacted on June 3, 2020, the Act on Improving Transparency and Fairness of Digital Platforms (the Digital Platform Act) imposes additional obligations on large companies designated by METI as "specified digital platform providers" for specific services, including "general online shopping malls selling goods," "application stores," "media-integrated digital ad platforms," and "ad intermediary digital platforms." The "specified digital platform providers" designated by METI have disproportionately captured U.S. firms compared to their Japanese and third country competitors and therefore undermine U.S. competitiveness in Japan by increasing the compliance costs on certain U.S. firms while not placing a similar burden on their competitors.

SUBSIDIES

Support for Cloud Service Providers' Purchases of Graphics Processing Units

In April 2024, Japan initiated a subsidy program for domestic graphics processing unit (GPU) purchases to support semiconductor and frontier artificial intelligence (AI) capability. Led by METI, the subsidy program has been approved to disburse up to ¥72.5 billion (approximately \$485 million) of public funding to a select group of domestic Japanese companies to build sovereign artificial intelligence (AI) infrastructure, largely excluding foreign companies. Recipients of the funding include Sakura Internet, KDDI Corporation, RUTILAE Inc, GMO Internet Group, and Highreso Co., for provisioning of GPU cloud services. By directly subsidizing local companies for GPU purchases, the program favors on-premises and "sovereign cloud" infrastructure, inhibiting U.S. hyperscale cloud providers from participating in Japan's strategic AI development initiatives and creating an uneven playing field.

OTHER NON-MARKET POLICIES AND PRACTICES

Japan does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Japanese markets from distortions and ensure a fair and secure trading relationship. Japan has not entered into an Agreement on Reciprocal Trade that includes commitments to address distortions caused by such NMPPs. Japan participates in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

Non-Cooperation on Unfair Competition by Russian Seafood Producers

Japan has failed to take meaningful policy action to counter unfair competition by Russia in relation to several seafood species groups—including pollock, salmon, and crab—harvested in Russia and exported to Japan. In the case of pollock, Russian producers have utilized state-subsidized shipbuilding and exploitative labor and environmental practices to rapidly increase production of pollock surimi—the pollock product form most demanded by Japan—and undercut market prices, thereby displacing U.S. pollock surimi from Japan’s market. Despite concerns raised by the United States, Japan continues to tolerate this unfair competition and assesses the same tariff rate on Russian pollock surimi as on U.S. pollock surimi.

LABOR

The United States has concerns about Japan’s law regarding the protection of internationally recognized labor rights, in particular with respect to the elimination of forced labor. The United States also has concerns with respect to labor law enforcement. Japan does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Japan’s market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Japan an unfair advantage

ENVIRONMENT

Japan is one of the world’s top importers of wood products. The importation of illegally sourced wood from other countries remains a significant problem despite efforts to curb the illegal trade. Japan is also a significant market for illegal wildlife trade, fueled by demand for ivory, exotic pets, and high-value seafood. Although Japan’s ivory trade has declined in recent years, ivory laundering remains widespread. Japan is also one of the largest markets for exotic pets and tortoiseshell. Insufficient regulations and lax law enforcement enable illegal wildlife trade. This illegal activity undermines legitimate, regulated trade in wildlife products, placing U.S. exporters at a disadvantage and contaminating global supply chains with illicit products that can ultimately reach U.S. consumers.

OTHER BARRIERS

Transparency

Advisory Groups

Advisory councils and other government-commissioned study groups enjoy significant power in Japan’s regulatory process that sometimes goes beyond providing advice and recommendations. For example, U.S. companies have raised concerns that METI selected members of the “monitoring panel” for the Digital Platform Act in an opaque manner and assigned that group a central and influential role in evaluating digital

platforms' compliance reports. The United States continued to urge Japan to ensure transparency with respect to the formation and operation of advisory councils by adopting new requirements to ensure ample and meaningful opportunities for those not on advisory councils and study groups to participate in, and directly provide input to, both the regulatory and policymaking processes.

Public Comment Procedure

The United States remains concerned about inadequate implementation of public comment procedures by Japanese ministries and agencies. For example, Japan's Cabinet Office released its draft AI strategy, with implications for U.S. technology companies, in mid-December 2025 for a five-day public comment period instead of the requisite 30-day comment window according to Japan's Administrative Procedure Act. In other cases, comments did not appear to have been adequately considered given the brief time between the end of the comment period and the issuance of a final rule or policy. While the United States acknowledges recent instances when Japanese ministries allowed comments to be submitted in English and provided an appropriate amount of time for parties to draft, finalize, and submit their comments (for example, METI's Draft Guidelines for Corporate Takeovers), the United States stressed the need for Japan to improve the system, such as by consistent application of the standard public comment period for rulemaking, and potentially lengthening the comment period for issues with greater complexity.

Non-Cooperation on Duty Evasion

Japan is one of a few major trading partners that is not in the process of concluding or has concluded such an agreement with the United States. The lack of such an agreement inhibits legitimate trade between the United States and Japan, and fails to assist both governments to segment higher risk shipments from third country manufacturers that are transshipped through Japan. The lack of having an agreement in place continues to undermine efforts to address duty evasion and has a meaningful impact on both U.S. and Japanese exporters.

Automotive

The United States has expressed strong concerns with the overall lack of access to Japan's automotive market for U.S. automotive companies. A variety of non-tariff barriers impede access to Japan's automotive market, and overall sales of U.S.-made vehicles and automotive parts in Japan remain low. Non-tariff barriers include unique standards and testing protocols; unique spectrum allocation for short-range vehicle communications systems; a lack of opportunities for input by interested persons throughout the process of developing regulations; and hindrances to the development of distribution and service networks. Japan also does not provide full market access for U.S. vehicles and vehicle parts that are manufactured to comply with U.S. Federal Motor Vehicle Safety Standards and meet U.S. compliance procedures for automotive products, despite Japan's commitment in the Framework Agreement to accept passenger cars manufactured in the United States and certified for safety in the United States without additional testing for sale in Japan. The United States continues to closely monitor Japan's efforts to implement its commitments to provide reciprocal access to the Japanese market.

Japan aims to transition to 100 percent clean energy vehicles, including electric vehicles, hybrid vehicles, and fuel cell electric vehicles (FCEVs), sold in Japan by 2035. As part of trade deal implementation, METI revised the amounts of its EV purchase subsidy caps effective January 1, 2026. Under the new scheme, subsidy caps are calculated as 20 percent of the standard vehicle price. As a result, the maximum subsidy for traditional battery electric vehicles (BEVs) will increase from ¥900,000 (approximately \$6,010) to ¥1.3 million (approximately \$8,685), while the maximum subsidy for FCEVs will decrease from ¥2.55 million (approximately \$17,035) to ¥1.5 million (approximately \$10,020). While the previous gap between the two

subsidies primarily benefitted Japanese manufacturers the most, the new scheme reduces the gap U.S. automakers selling BEVs in Japan faced vis-à-vis their Japanese competitors.

Japan also provides subsidies for vehicle charging stations but requires compliance with CHAdeMO, a charging standard originally developed in Japan and supported by Japanese industry groups. Although this standard was previously used in earlier model electric vehicles in other countries, Japanese automakers in 2023 joined U.S. and European automakers in endorsing other standards for their sales in North America, Europe, and China. This leaves Japan as an outlier on charging technology and disincentivizes foreign automakers and charging suppliers from operating in Japan by requiring outdated technology in order to receive the subsidy. However, METI has expressed a willingness to support the North American Charging Standard (NACS) and is looking for ways it can be incorporated into Japan's public charging system.

In addition, U.S. industry has expressed concern with differential treatment for U.S. EV charging infrastructure compared to Japanese EV charging infrastructure. Through subsidies, the Government of Japan incentivizes companies using the CHAdeMO standard to build charging stations at highway rest areas that do not require vehicles to exit and reenter the toll highway. In contrast, vehicles are required to pay tolls to exit and reenter toll roads to access EV charging infrastructure using NACS. To start addressing this issue, MLIT launched an entry and exit point for toll-free access to off-highway charging stations in Gifu prefecture effective January 6, 2026. This new scheme allows EV owners seeking to charge their vehicles a one-hour window to exit and reenter the highway toll-free. If this pilot case is successful, MLIT plans to expand the scheme to other areas.

Medical Devices and Pharmaceuticals

In Japan, prices for new drugs are subject to downward pressures while in the market, including through the Ministry of Health, Labor, and Welfare's (MHLW) biennial repricing, which usually lowers listed drug prices, and off-year price revisions that effectively make the biennial repricing an annual revision. Japan further cuts drug prices through the market expansion repricing mechanism, which may unfairly reduce prices if the actual annual sales of a drug significantly exceed the estimated sales submitted to MHLW. In addition, the "huge-seller" repricing mechanism targets drugs with high sales volume that exceed certain thresholds, forcing post-hoc price cuts as high as 50 percent.

The U.S. pharmaceutical and medical device industry stakeholders also continue to raise serious concerns regarding the lack of transparency and predictability in government decision-making. For example, in the 2026 pricing cycle, stakeholders expressed concerns that changes to the medical device repricing rules were implemented without sufficient consultation just one month after being communicated to the industry. Stakeholders reported that there was no opportunity for public comment before the Government of Japan announced off-year drug price revisions for fiscal year 2025.

The United States continues to urge Japan to solicit and consider stakeholder input, including by offering meaningful input opportunities for U.S. stakeholders, when developing any measures related to regulatory and reimbursement policies, and to follow transparent processes in the present and future development of any new policies and measures. The United States also continues to urge Japan to take into account relevant international standards in the development of its regulations in clinical development, multiregional clinical trials, and risk management.

Nutritional Supplements

Japan regulates nutritional supplements as a part of a loosely defined "health food" subcategory of foodstuffs, unlike in the United States, where "dietary supplements" are regulated by the U.S. Food and Drug Administration under different regulations than "conventional" foods. Generally, health food

products in Japan are subject to more stringent regulatory oversight than general foods, which has resulted in extra hurdles for U.S. exporters regarding health claims and ingredients that can be used for nutritional supplements when trying to enter the Japanese market. Japan has taken steps to streamline import procedures and improve access in this market.

JORDAN

TRADE SUMMARY

The U.S. goods trade deficit with Jordan was \$875.6 million in 2025, a 33.7 percent decrease (\$445.8 million) over 2024. U.S. goods exports to Jordan totaled \$2.2 billion in 2025, up 8.2 percent (\$166.9 million) from 2024. U.S. goods imports from Jordan totaled \$3.1 billion in 2025, down 8.3 percent (\$278.9 million) from 2024. Total U.S. goods trade (exports plus imports) with Jordan was an estimated \$5.3 billion in 2025. Jordan was the 69th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Jordan was \$23 million in 2025, a 63.5 percent decrease (\$40 million) over 2024. U.S. services exports to Jordan totaled \$963 million in 2025, down 2.4 percent (\$24 million) from 2024. U.S. services imports from Jordan totaled \$940 million in 2025, up 1.7 percent (\$16 million) from 2024. Total U.S. services trade with Jordan was an estimated \$1.9 billion in 2025. Jordan was the 76th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Jordan Free Trade Agreement

The United States–Jordan Free Trade Agreement (FTA) entered into force on December 17, 2001. The United States and Jordan meet regularly to review the implementation and functioning of the Agreement and to address outstanding issues.

IMPORT POLICIES

Tariffs

Under the FTA, as of January 1, 2010, Jordan provides duty-free access to nearly all U.S. exports, with exceptions for a few product lines, such as alcoholic beverages.

Taxes

Jordan's General Sales Tax law allows the government to impose a special tax on some products at the time of importation in addition to the general sales tax. Jordan imposes a special tax on vehicles that varies according to the type of engine. In June 2025, Jordan lowered these special tax rates. Cars with internal combustion engines are taxed at 51 percent, cars with hybrid engines are taxed at 35 percent, and electric vehicles are taxed at 27 percent. The United States continues to work with Jordan to promote transparency and predictability of taxation policies.

Non-Tariff Barriers

Import Licensing

Import licenses are required for specific food products by the Ministry of Health and for raw agricultural goods by the Ministry of Agriculture. The approval process can be time-consuming and, at times, lacks transparency. U.S. exporters have raised concerns about the difficulty of obtaining import licenses from the Ministry of Agriculture for U.S.-origin chicken leg quarters and live dairy cattle.

Jordan requires that importers of commercial goods be registered traders or commercial entities. The Ministry of Industry, Trade, and Supply occasionally issues directives requiring import licenses for certain goods or categories of goods and products in newly emerging or protected sectors. Jordan requires a special import license before the importation of telecommunications and security equipment.

Customs Barriers and Trade Facilitation

Jordan ratified the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) in February 2017. Jordan has not yet submitted four transparency notifications related to: (1) import, export, and transit regulations; (2) the use of customs brokers; (3) customs contact points for the exchange of information; and (4) details on the operation of the single window. The first three notifications were due to the WTO on February 22, 2017, and notification of details on the operation of the single window was due on December 31, 2022, according to Jordan's self-designated TFA implementation schedule.

TECHNICAL BARRIERS TO TRADE

Corn Import Sampling Procedures

According to U.S. stakeholders, Jordan's Ministry of Agriculture does not comply with the sampling technique guidance for grain issued by the Jordan Standards and Metrology Organization, and Jordan's poor sampling techniques have resulted in the rejection of shipments of U.S.-origin corn. The United States has worked with Jordan to improve sampling and inspection procedures, but problems persist. As a result, U.S. exports of corn to Jordan have faced additional testing and delays. In 2023, Jordan's Ministry of Agriculture announced that it would accept certificates of inspection from the U.S. Department of Agriculture Federal Grain Inspection Service, and that determination has been extended through December 31, 2027.

Automobile Specification Requirements

In response to an influx of Chinese electric vehicles, the government introduced stricter vehicle import regulations, effective November 1, 2025. The new rules ban the importation of vehicles classified as salvage, junk, or damaged by fire or flooding. Only vehicles with a certificate of conformity aligned with European, Gulf, Saudi, or U.S. Federal Motor Vehicle Safety Standards may be imported into Jordan.

GOVERNMENT PROCUREMENT

In September 2022, the Jordanian Cabinet adopted Government Procurement Bylaw No. 8, which grants priority to a domestic bid over a foreign bid if the bids are equivalent in terms of requirements, specifications, and price. Additionally, Jordan offers domestic companies a preferential rate of 15 percent in all government tenders based on a 2013 cabinet decision, which has been renewed annually.

Jordan is not a Party to the WTO Agreement on Government Procurement (GPA), but has been an observer to the WTO Committee on Government Procurement since March 2000. In 2002, Jordan began the process of acceding to the WTO GPA with the submission of its initial offer, but negotiations on Jordan's accession have been inactive since 2014.

INTELLECTUAL PROPERTY PROTECTION

Jordan continues to take steps to provide more comprehensive protection of intellectual property (IP) rights. In September 2023, Jordan's Cyber Crime law went into effect, criminalizing a broad array of digital

violations, including pirated content. However, challenges regarding IP protection and enforcement persist. As seen throughout the region, online and physical copyright infringement is widespread. For example, the National Library, the primary IP authority in Jordan, continues to express challenges to combating online and physical copyright infringement, including a lack of adequate resources and training that hinder effective enforcement. Law enforcement officials need to continue efforts to strengthen enforcement against pirated and counterfeit goods, particularly with respect to using *ex officio* authority to pursue criminal investigations.

SERVICES BARRIERS

Telecommunication Services

The Telecommunications Regulatory Authority of Jordan released decision No. 7-219/7 on September 25, 2024, mandating that embedded subscriber identity modules (eSIMs) used in Jordan be programmable by licensed operators in Jordan and have their profiles downloaded from licensed local operators only. Devices that do not comply with these requirements can lose their connections to Jordanian networks after 90 days of use.

Cross-Border Transfers of Personal Data

Jordan's Personal Data Protection Law (Law No. 24 of 2023) and implementing regulations impose restrictions on cross-border data transfers that disadvantage U.S. companies without meaningfully enhancing privacy. The law generally prohibits the transfer or exchange of personal data without consent of the person concerned and requires that data transferred to recipients outside of Jordan continue to enjoy a level of protection at least equal to that provided under Jordanian law. The Personal Data Protection Council (Council) is tasked with issuing a list of countries, bodies or organizations that have an adequate level of data protection. However, because the Council has not yet issued a formal recognition of the United States as adequate and the law does not allow for pre-approved mechanisms such as Standard Contractual Clauses, U.S. companies can only transfer data subject to specific conditions. Furthermore, companies that failed to align their systems with the requirements can face significant administrative fines and potential license suspensions.

INVESTMENT BARRIERS

Jordan actively encourages and supports foreign investment but maintains some restrictions to protect domestic industries and national security. The Investment Environment Bylaw No. 7 of 2023 outlines sectors with partial or full limits on foreign ownership including:

- **Restricted Sectors:** Foreigners cannot own (wholly or partially) businesses in the following sectors: investigation and security services, stone quarrying for construction, customs clearance, bakeries, or trade in weapons and fireworks.
- **Limited Ownership:** Foreigners cannot have more than 50 percent ownership in businesses in areas, such as retail and wholesale trade, engineering and brokerage services, commercial agencies, insurance brokerage, food and beverage services, and most transportation services (maritime, air, and land).
- **Foreign firms** must appoint a registered local agent or establish a branch or subsidiary to import goods.

Despite these limits, Jordan generally treats U.S. investors on par with Jordanian nationals under the U.S.–Jordan Bilateral Investment Treaty, allowing 100 percent U.S. ownership in most sectors. However, in some fields—such as aerospace and defense, travel and tourism, transportation, and media—Jordan still imposes ownership caps on U.S. investors or requires certain positions to be held by Jordanian nationals.

OTHER NON-MARKET POLICIES AND PRACTICES

Jordan does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Jordanian markets from distortions and ensure a fair and secure trading relationship. Jordan has not entered into an Agreement on Reciprocal Trade that includes commitments to address distortions caused by such NMPPs. Jordan does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns with respect to Jordan’s law regarding the protection of internationally recognized labor rights, including freedom of association and the effective recognition of the right to collective bargaining. The United States has concerns with respect to Jordan’s labor law enforcement. Jordan does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Jordan’s market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Jordan an unfair advantage.

KENYA

TRADE SUMMARY

The U.S. goods trade surplus with Kenya was \$131.9 million in 2025, a 285.4 percent increase (\$97.7 million) over 2024. U.S. goods exports to Kenya totaled \$990.8 million in 2025, up 28.5 percent (\$219.5 million) from 2024. U.S. goods imports from Kenya totaled \$858.9 million in 2025, up 16.5 percent (\$121.8 million) from 2024. Total U.S. goods trade (exports plus imports) with Kenya was an estimated \$1.8 billion in 2025. Kenya was the 87th largest U.S. goods export market in 2025.

The U.S. services trade deficit with Kenya was \$192 million in 2024 (latest data available), a 29.2 percent decrease (\$79 million) over 2023. U.S. services exports to Kenya totaled \$781.0 million in 2024 (latest data available) up 18.7 percent (\$123 million) from 2023. U.S. services imports from Kenya totaled \$972 million in 2024 (latest data available) up 4.7 percent (\$44 million) from 2023. Total U.S. services trade with Kenya was an estimated \$1.8 billion in 2024 (latest data available). Kenya was the 80th largest U.S. services export market in 2024 (latest data available).

IMPORT POLICIES

Tariffs

Kenya's average Most-Favored-Nation (MFN) applied tariff rate was 14.8 percent in 2024 (latest data available). Kenya's average MFN applied tariff rate was 25.3 percent for agricultural products and 13.1 percent for non-agricultural products in 2024 (latest data available). Kenya has bound 16.3 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 93.8 percent.

Kenya applies the East African Community (EAC) Customs Union's Common External Tariff (CET), with four tariff bands: (1) zero percent duty for raw materials and inputs; (2) 10 percent duty for processed or manufactured inputs; (3) 25 percent duty for finished products; and (4) 35 percent for a list of products the EAC concluded would promote regional integration and domestic industrial sectors. Among the products that are impacted by the 35 percent tariff band are U.S. exports of secondhand clothing and environmentally cleaner cooking products. Many textiles and agricultural products are classified as sensitive items under the EAC and as a result are subject to *ad valorem* tariff rates above 35 percent. This group includes rates of 50 percent for some textiles, 60 percent for most dairy products, 50 percent for corn and corn flour, 75 percent for rice flour, 50 percent for wheat flour, and 100 percent for sugar.

When deemed necessary, the Government of Kenya has temporarily waived agricultural tariffs to stabilize prices when domestic agricultural prices exceeded certain levels. When the Kenyan Government has taken such action, it has applied for (and regularly received from the EAC) an exemption from the CET.

Application of EAC-wide CET exemptions varies case-by-case. In July 2025, the EAC granted Kenya CET exemptions for specific volumes of yellow corn, soybeans, and soybean meal for feed as well as sugar and wheat for human consumption.

Taxes

Value-Added Taxes

Kenya applies a standard value-added tax (VAT) rate of 16 percent to most goods and services, including U.S. exports to Kenya. Kenya rebates VATs duties on goods exported from Kenya, including exports to the United States. The VAT does not apply to imports valued at less than \$20. Kenya eliminated its VAT on exported services in 2023.

Goods and services listed under the First Schedule of the VAT Act are exempted from VAT regardless of their value, including agricultural products (soybean, peanuts, cotton seeds, bovine semen), agricultural machinery, medical equipment and pharmaceuticals, and aircrafts parts. Goods valued at no more than \$2,000 carried by a passenger in their accompanied baggage at a point of entry are also exempted from the VAT subject to certain conditionalities.

Non-Tariff Barriers

Import Bans/Restrictions

On September 10, 2024, Kenya imposed a ban on sugar imports from outside the Common Market for Eastern and Southern Africa and the EAC in response to increased local sugar production that satisfied local consumption.

Customs Barriers and Trade Facilitation

Many U.S. companies have commented that Kenya's Integrated Customs Management System does not operate as intended and that the prearrival processing of electronic documents is ineffective. U.S. companies have also raised concerns about the inconsistent application of classification and valuation decisions, as well as unnecessary transit inspections. For example, Kenya's Advance Rulings are only valid for up to one year, thereby requiring importers to renew them annually.

Express carriers have raised concerns about the length of time required for Kenyan Customs to release express shipments due to a complex and inefficient process that involves many steps with uncoordinated offices. U.S. exporters have also raised concerns about the burden and cost added for each shipment due to Kenya's Pre-Export Verification of Conformity program (*for further information, see the Technical Barriers to Trade subsection of this NTE Report Chapter*).

Certificate of Origin Requirement

The 2025 Finance Act introduced a mandatory requirement for possession of a Certificate of Origin for imported goods required for customs clearance effective October 1, 2025. U.S. exporters have flagged this as a serious issue as the U.S. Government does not issue Certificates of Origin, leaving certification to state or local governments, or private firms. The requirement for a Certificate of Origin for all consignments imported into Kenya, regardless of whether an importer is claiming preferential tariffs, increases administrative burdens and logistical complexity.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Verification of Conformity to Standards Procedures

On April 28, 2020, Kenya issued the Standards Order (Verification of Conformity to Standards and Other Applicable Regulations), which subjects all imports, except those meeting certain exemption criteria, to the Pre-Export Verification of Conformity (PVoC) program. The PVoC program requires pre-shipment inspection of most imports in their country of origin to ensure compliance with applicable Kenyan standards and regulations. Under the PVoC program, an importer must obtain a Certificate of Conformity (CoC) from a PVoC inspection agent in its region designated by the Kenya Bureau of Standards (KEBS). The PVoC inspection agent assesses what, if any, testing is required to meet Kenyan standards and regulations. Kenya asserts that the program is necessary to address health, environmental, and security concerns, but U.S. industry has raised concerns that the program's testing, certification, and labeling requirements deviate from international standards without providing an additional measure of safety. For U.S. food and agricultural goods, Kenya requires PVoC inspections on a consignment-by-consignment basis in the United States prior to export. As an incentive to use the PVoC program, Kenya charges higher fees for destination inspection if the product arrives without a CoC from a PVoC inspection agent.

Kenya has only designated one inspection company, SGS, to perform PVoC inspections in the United States, further limiting the ability of U.S. exporters interested in selling products to Kenya.

Certain products are exempt from the PVoC program, including raw materials, machines, and spare parts imported by registered local manufacturers; products certified by KEBS under the Diamond Mark of quality product certification; and products waived by the Kenyan Government through the Cabinet Secretary for Investment, Trade, and Industry. Goods exempted from the program are still subject to KEBS destination inspection.

Goods arriving at the port of entry in Kenya without having undergone an inspection through the PVoC program to obtain a CoC are subject to inspection by KEBS. The cost of inspection at port is 5 percent of the customs value of the shipment, and the goods may be rejected. After obtaining a CoC or undergoing inspection at the port of entry, the importer must also purchase from KEBS an Import Standardization Mark label that must be affixed to each imported article or its retail packaging.

Sanitary and Phytosanitary Barriers

Agricultural Biotechnology

On October 3, 2022, Kenya lifted a 10-year ban on the import and commercialization of genetically engineered (GE) products, opening a path to cultivation and import of GE food and feed. However, the lifting of the ban is on hold pending the outcome of two domestic legal challenges.

Animal Genetics

In January 2020, Kenya's Office of the Director of Veterinary Services (DVS) and the U.S. Department of Agriculture Animal and Plant Health Inspection Service agreed on veterinary requirements and certificate attestations for the importation of bovine embryos from the United States. In May 2020, however, the DVS proposed additional requirements that went beyond those previously agreed by the two agencies. These

additional requirements entered into force in December 2025. Kenya also imposes standards that are overly restrictive for bovine semen imports, precluding actual market access for most U.S. bovine semen for dairy cattle and leaving the largest share of the market to the domestic producers who do not meet the same criteria.

Import Permits

Kenya maintains complex, nontransparent, and costly requirements for the importation of all meat, dairy, and poultry products, including a “Letter of No Objection to Import Permit” (no-objection letter) issued by the DVS. Before issuing a no-objection letter, which requires several attestations, including animal and public health statements, the DVS requires an importer to explain the reason for importation through a “Letter of Application to Import” and to specifically address the market need the import would meet. The DVS issues the no-objection letter for meat, dairy, and poultry products at its discretion on a case-by-case basis. Importers have reported that the DVS has at times provided them with non-sanitary-related grounds for denying permits, such as the local availability of a similar product. The DVS and other competent authorities do not always provide written justification for not issuing the letter.

Plants and Plant Products

Kenya subjects imported and domestically produced corn to a total aflatoxin limit of 10 parts per billion (ppb) and a 13.5 percent maximum moisture content. The aflatoxin limit in Kenya is lower than the standard adopted by the Codex Alimentarius and the action level of the United States. Kenya has not provided adequate scientific justification for these requirements. As a result, most U.S. corn exports are denied import permits. Under special circumstances—such as food shortages—Kenya has allowed higher moisture content for imported corn, which must then be dried and milled immediately upon arrival to reduce the risk of aflatoxin contamination. For U.S. corn exports that are permitted under special circumstances, the costs associated with the additional processing requirements make U.S. corn exports largely uncompetitive.

GOVERNMENT PROCUREMENT

Since May 2015, an initiative dubbed “Buy Kenya Build Kenya” has required government institutions to procure at least 40 percent of their supplies locally. For example, government entities are required to give an exclusive procurement preference to motor vehicles and motorcycles produced by companies that have assembly plants in Kenya. Procurement preferences are given to companies that have assembly plants in Kenya, even if the specific item procured is not assembled or manufactured in Kenya.

The 2016 Public Procurement and Asset Disposal Act (PPADA) reserves procurement preferences for Kenyan-owned firms and goods manufactured or mined in Kenya. For tenders funded entirely by the government with a value of less than KES 50 million (approximately \$386,698), the preference for Kenyan firms and goods is required. If the procuring entity seeks to contract with non-Kenyan firms or procure foreign goods, the PPADA requires a report detailing evidence of an inability to procure locally. In April 2020, the National Treasury issued implementing regulations for the PPADA, which mandate that tender proposals include offset requirements such as skills and knowledge transfer to Kenyan citizens, a 75 percent set-aside of employment opportunities for Kenyans, and a local content plan.

U.S. firms have had limited success bidding on Kenyan Government tenders. Corruption often influences the outcome of public tenders, and many of these tenders are challenged in the courts. Tenders are often not announced in a timely and transparent manner. Foreign firms, some without proven track records, have won government contracts when partnered with well-connected Kenyan firms or individuals. The Kenyan Government mandated the exclusive use of the electronic government procurement (e-GP) system by all

national and county government procuring entities effective July 1, 2025. Use of the e-GP system is meant to enforce transparency, curb corruption, enhance efficiency, reduce procurement costs, and standardize the entire procurement and contract management process across all levels of government. However, a September 8, 2025, high court ruling suspended the mandatory use of the e-GP system across all public entities following a lawsuit by the Council of Governors alleging that the rollout was rushed, lacked proper consultation, and infringed upon the autonomy of the devolved county governments.

Kenya is neither a Party to the WTO Agreement on Government Procurement (GPA) nor an observer to the WTO Committee on Government Procurement.

INTELLECTUAL PROPERTY PROTECTION

U.S. stakeholders report that Kenyan authorities have increased effective enforcement efforts against counterfeit goods. Despite this, challenges remain, including the widespread availability of counterfeit and pirated goods. Stakeholders also have raised concerns regarding the distribution of copyright-infringing content online and the need for Kenya to join the World Intellectual Property Organization (WIPO) Copyright Treaty and the Performances and Phonograms Treaty, collectively known as the WIPO Internet Treaties, which deal particularly with copyright and related rights in the digital environment. Kenya signed the WIPO Internet Treaties in 1996 but has yet to ratify either.

SERVICES BARRIERS

Insurance Services

Kenya requires that a minimum of one-third of the equity of an insurance company be held by Kenyan persons or citizens of another EAC Member State. In addition, Kenya requires that local insurers offer at least 20 percent of their treaty reinsurance contracts to the state-owned Kenya Reinsurance Corporation, 10 percent to reinsurance group ZEP-RE Reinsurance, and 5 percent to Africa Reinsurance Corporation, for a total 35 percent. Although regulatory approval can be sought, Kenya generally prohibits cross-border Difference-in-Conditions and Difference-in-Limits insurance, which is an important type of insurance for facilitating U.S. investment in countries such as Kenya because it covers unique risks faced by U.S. firms. Kenya requires goods imported to the country through sea or air to be covered by marine cargo insurance sourced from the local insurance industry.

Other Digitally-Enabled Services and Digital Products

Digital Services Taxation

On December 27, 2024, Kenya replaced its digital services tax with a Significant Economic Presence tax under the Tax Laws (Amendment) Act of 2024. A 3 percent effective tax rate on gross revenues is imposed on non-residents whose revenue from the provision of services is derived from or accrues in Kenya through a digital marketplace. Non-residents who offer services through a permanent establishment in Kenya are exempted from the tax.

The Kenya Revenue Authority (KRA) published draft Income Tax (Significant Economic Presence Tax) Regulations, 2025 on September 19, 2025, that would broaden the scope of taxable digital services to include “any service carried out over the internet or an electronic network including through a digital marketplace”, artificial intelligence services, and transfer of digital assets. The regulations also provide that an entity is deemed to have a significant economic presence in Kenya if it provides a digital service to

a user located in Kenya. Kenya's 2025 Finance Act removes the previous KES 5 million (approximately \$38,670) threshold, making the tax applicable from the first qualifying sale.

Data Localization Requirements

Kenya's 2019 Data Protection Act (DPA) includes unclear provisions governing the cross-border transfer of personal information. Under Section 50 of the DPA, the Cabinet Secretary is empowered to determine the types of personal data that must be stored and processed in Kenya. The DPA requires that either data subjects provide consent for transfers outside Kenya or controllers provide proof that personal data will be secure as a condition for transferring the data outside Kenya, but does not describe what would constitute acceptable proof. U.S. industry reports that the Data Protection Regulations of 2021, which implements the DPA, requires local processing, or local storage of a copy of the data, when processing personal data for various purposes, including administering the civil registration and identity management systems, facilitating elections, offering primary and secondary education, and providing primary or secondary health care.

Internet Services

The Computer Misuse and Cybercrimes Act of 2018 and the Computer Misuse and Cybercrime Regulations of 2024 both impose data localization and burdensome reporting obligations on providers of "Critical Information Infrastructure," which includes cloud services providers, with increased restrictions for certain categories of data.

INVESTMENT BARRIERS

Limitations on Foreign Equity Participation

Kenya imposes foreign ownership limitations in certain sectors. For example, the 2016 Private Security Regulation Act restricts foreign participation in the private security sector by requiring at least 25 percent Kenyan ownership of private security firms.

The 2016 Mining Act imposes a variety of restrictions on foreign participation in the mining sector. Among other restrictions, the Mining Act reserves acquisition of mineral rights for Kenyan companies, requires 60 percent Kenyan ownership of both mineral dealerships and artisanal mining companies, and requires large-scale mining operations to list a minimum of 20 percent of their shares on the Nairobi Securities Exchange within three years of commencing operations, while also offering 10 percent "free-carried interest" (free equity stake) to the Kenyan Government.

Real Estate Restrictions

The 2010 Kenyan Constitution prohibits foreigners from holding freehold land title anywhere in the country, permitting only leasehold titles of up to 99 years. The process for leasing developed land and property is clear and established, but the process for obtaining leasehold title of undeveloped land is opaque and unreliable. For undeveloped land, investors risk receiving fake title deeds or leasing a plot with multiple titles and unauthorized sales.

STATE-OWNED ENTERPRISES

The Kenyan Government wholly owns the National Oil Corporation and the Kenya Pipeline Corporation (KPC), which limits competition in this sector. Other state-owned enterprises (SOEs), including Kenya

Electricity Generating Company, Kenya Electricity Transmission Company, Kenya Power, and the Geothermal Development Company, dominate the electricity generation, transmission, and distribution segments of the energy sector. Kenya Power's internal procurement rules require that 80 percent of supplies be sourced from Kenyan-registered companies to encourage foreign suppliers to register by establishing manufacturing facilities in the country.

Certain SOEs have enjoyed preferential access to markets. Examples include Kenya Re, which enjoys a guaranteed re-insurance market share, and Kenya Seed Company, which has fewer marketing barriers than its U.S. competitors. Some SOEs have also benefited from easier access to government loan guarantees, subsidies, and credit at favorable interest rates. The Kenyan Government enacted the Privatization Act, 2025, which came into effect on November 4, 2025, following a previous court ruling that declared the Privatization Act, 2023 unconstitutional. The new Privatization Act requires the cabinet and parliamentary approval for privatization programs and mandates robust and transparent public participation. The Kenyan parliament approved KPC's privatization plan on October 1, 2025. The Kenyan Government plans to sell 65 percent of its shareholding in KPC through an Initial Public Offering on the Nairobi Securities Exchange.

OTHER NON-MARKET POLICIES AND PRACTICES

Kenya does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Kenyan markets from distortions and ensure a fair and secure trading relationship. Kenya has not entered into an Agreement on Reciprocal Trade that includes commitments to address distortions caused by such NMPPs. Kenya does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Kenya's law regarding the protection of internationally recognized labor rights, including with respect to freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, the effective abolition of child labor, and a prohibition on the worst forms of child labor. The United States also has concerns with respect to labor law enforcement. Kenya does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Kenya's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Kenya an unfair advantage.

ENVIRONMENT

Illegal Wildlife Trade and Associated Crimes

Wildlife trafficking is a serious transnational crime that threatens security and economic prosperity. Kenya is a major source, destination, and transit hub of wildlife trafficking products and their derivatives, creating significant threats to species like elephants, rhinos, ostriches, and giraffes. Kenya faces challenges, including sophisticated criminal networks, corruption, and under-resourced provincial authorities. Kenya has strong legislation against wildlife trafficking, but a history of lax environmental law enforcement, slow prosecution for environment-related crimes, and widespread corruption. Illegal wildlife trade undercuts legitimate, regulated trade in wildlife products, for example those used in the pet, fashion, and medical research sectors that comply with strict regulations and sustainable practices. Such illegal trade also contaminates global supply chains with illegal product that can ultimately reach U.S. consumers.

OTHER BARRIERS

Disputes over tariffs and taxation are resolved through the judicial system, which is subject to delays and uncertainty. Since June 2015, the (KRA) has offered an alternative dispute resolution mechanism to help taxpayers resolve some tax disputes more quickly.

Bribery and Corruption

Corruption remains a substantial barrier to doing business in Kenya. U.S. firms continue to report challenges competing against foreign firms that are willing to ignore legal standards or engage in bribery and other forms of corruption. Corruption is widely reported to affect government procurements at the national and county levels. Kenya has not effectively implemented its anticorruption laws. U.S. firms continue to report direct and indirect requests for bribes from multiple levels of the Kenyan Government.

Export Bans and Restrictions

The 2013 Agriculture, Fisheries and Food Authority Act prohibits exports of raw agricultural produce, such as macadamia nuts, achiote, cashew nuts, and pyrethrum without authorization from the Kenyan Cabinet Secretary for Agriculture.

Kenya has an export tax on fluorspar. Kenya has also an export ban on metal waste and scrap, and export licensing requirements for titanium and zirconium.

KOREA

TRADE SUMMARY

The U.S. goods trade deficit with Korea was \$56.4 billion in 2025, a 14.5 percent decrease (\$9.6 billion) over 2024. U.S. goods exports to Korea totaled \$68.8 billion in 2025, up 4.9 percent (\$3.2 billion) from 2024. U.S. goods imports from Korea totaled \$125.2 billion in 2025, down 4.8 percent (\$6.3 billion) from 2024. Total U.S. goods trade (exports plus imports) with Korea was an estimated \$194.0 billion in 2025. Korea was the 9th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Korea was \$11.3 billion in 2025, a 2.1 percent decrease (\$241 million) over 2024. U.S. services exports to Korea totaled \$28.0 billion in 2025, up 3.6 percent (\$964 million) from 2024. U.S. services imports from Korea totaled \$16.7 billion in 2025, up 7.8 percent (\$1.2 billion) from 2024. Total U.S. services trade with Korea was an estimated \$44.6 billion in 2025. Korea was the 15th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

United States–Korea Free Trade Agreement

The United States–Korea Free Trade Agreement (KORUS) entered into force on March 15, 2012. Korea immediately eliminated duties on nearly 80 percent of bilateral trade in industrial and consumer goods. Duties on most other such goods were phased out in stages over 10 years and were eliminated as of January 2021. As of January 1, 2026, Korea has eliminated tariffs on the majority of U.S. agricultural and seafood products, while maintaining tariff-rate quotas (TRQs) on a handful of U.S. agricultural exports.

The United States and Korea reached agreement in 2018 to modifications and amendments to KORUS and a related letter exchange. The United States and Korea meet regularly to review the implementation and operation of KORUS and address outstanding issues.

Korea Strategic Trade and Investment Deal

On November 13, 2025, the United States and Korea issued a Joint Fact Sheet that outlined details of the Korea Strategic Trade and Investment Deal announced on July 30, 2025. As part of the deal, Korea committed to invest \$350 billion into the United States and to address non-tariff barriers, including by ensuring that U.S. companies are not discriminated against or do not face unnecessary barriers in terms of laws and policies concerning digital services, streamlining the regulatory approval process for agricultural biotechnology products and resolving the backlog of U.S. applications, and establishing a U.S. Desk within the Animal and Plant Quarantine Agency (APQA) dedicated to requests for U.S. horticultural products.

IMPORT POLICIES

Tariffs

Korea's average Most-Favored-Nation (MFN) applied tariff rate was 13.4 percent in 2024 (latest data available). Korea's average MFN applied tariff rate was 57.0 percent for agricultural products and 6.5 percent for non-agricultural products in 2024 (latest data available). Korea has bound 94.9 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 17 percent.

Tariff-Rate Quota Administration for Agricultural Commodities

Tariff-Rate Quota Administration for Rice

Since 2020, Korea has implemented a country-specific quota (CSQ) of 132,304 metric tons for U.S. rice, as outlined in the 2019 plurilateral agreement between Korea, the United States, Australia, China, Thailand, and Vietnam for imported rice. However, stakeholders have consistently raised concerns with CSQ administration, including purchase and distribution of the quota. Purchases and distributions are made through the Korea Agro-Fisheries and Food Trade Corporation under the decision-making authority of the Ministry of Agriculture, Food, and Rural Affairs (MAFRA). Lack of transparency surrounding the calculation of the price ceiling for CSQ tenders creates a trade barrier. Frequent suspensions of U.S. table rice auctions result in inconsistent supply to the market, leading to the majority of U.S. table rice transferring to alcoholic beverage production. Despite provisions of the plurilateral agreement intended to ensure regular market distribution of table rice, the Korean Government has repeatedly suspended the weekly auction of U.S. table rice around November—the Korean rice harvest season—because of political sensitivity, without announcing a precise resumption date. The most recent suspension began in November 2023, and remained in place as of the end of December 2025.

Tariff-Rate Quota Administration for Soy

Korea has a WTO TRQ for non-genetically modified soybeans for food use in addition to free trade agreement TRQs. The Korean Government announced that, beginning in 2026, it will limit soybean imports to the WTO minimum quota of 185,787 metric tons, ending the additional annual quota of about 40,000 metric tons previously granted in response to local industry requests. Domestic soybean production increased in 2025 because of government incentives to shift production from rice cultivation. Because 80 percent of imported food-grade soybeans come from the United States, this change will likely reduce U.S. soybean exports to Korea by approximately 30,000 metric tons.

Taxes

Value-Added Taxes

Korea applies a standard value-added tax (VAT) rate of 10 percent to most goods and services, including U.S. exports to Korea. It rebates VAT duties on exports, including exports to the United States. There are exceptions to the VAT, however, most prominently for unprocessed food products and agricultural, livestock, marine, and forestry products produced in Korea but not intended for human consumption.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Chemicals

Four laws and their respective implementing regulations form the basis of Korea's chemical management system: the Act on the Registration and Evaluation of Chemicals; the Occupational Safety and Health Act; the Consumer Chemical Products and Biocides Safety Control Act; and the Chemical Substances Control Act. U.S. chemicals exporters regularly raise concerns with aspects of all of these laws and their implementing regulations, including a lack of guidance from the regulators on how to implement the regulations and a lack of cohesion with international best practices. Examples of specific concerns industry

has raised include overly broad requirements for the preparation of chemical safety data sheets; misalignment on registration and confidential business information exemptions for chemicals used in research and development; and unclear criteria to distinguish between an article and chemical for registration purposes.

Packaging Materials and Labeling Regulations

U.S. stakeholders remain concerned about the lack of clarity relating to the calculation method for packaging space ratios and labeling requirements used by Korean Government authorities under the Act on the Promotion of Saving and Recycling of Resources (Recycling Act). U.S. stakeholders have raised concerns that some amendments to the Recycling Act have not provided industry sufficient time to adapt to new requirements.

Sanitary and Phytosanitary Barriers

Agricultural Biotechnology

Korea's regulatory system for agricultural biotechnology continues to present challenges to U.S. agricultural exports. The approval process for new biotechnology products is onerous and protracted due to redundant reviews and excessive data requests. The Korean Government, led by the Ministry of Trade, Industry and Resources (MOTIR), manages the regulatory approval process across five different agencies, each with its own process and data submission requirements. The Korean Government has indicated a willingness to continue discussing potential reforms to its regulatory process; however, the current Living Modified Organisms (LMO) Act mandates participation by all five agencies and thus limits the potential for streamlining the approval process without legislative changes. The United States and U.S. industry stakeholders have provided ideas on how to improve the process and developed pilot projects to test a streamlined process for biotechnology product reviews. These initiatives have had little impact, and Korea's lack of reforms continue to slow global regulatory harmonization.

In 2024, Korean lawmakers submitted to the National Assembly a draft revision to the LMO Act, which proposes to define products derived from genome editing technologies that do not use or contain foreign genes in the final products and exempt those products from the LMO Act. As of December 31, 2025, the draft revision remained under review by the MOTIR Standing Committee. In the absence of an established policy on products derived from genome editing technology, Korea treats these products as LMOs, rather than conventional products as is the growing global norm. The United States continued to urge Korea to align its policy with global standards so as not to hinder the development of new technology and to avoid potential vulnerabilities in the trade of modern agricultural products.

In December 2025, the Korean National Assembly passed legislation to expand mandatory genetically engineered (GE) labeling to certain food products that contain ingredients derived from GE crops but that no longer contain detectable foreign DNA. The Korea Ministry of Food and Drug Safety (MFDS) is responsible for developing implementing regulations, including identification of which food products are subject to the expanded labeling requirements. As the LMO Act does not distinguish between GE and genome editing technologies, products derived from genome editing will be subject to these expanded labeling requirements.

Beef and Beef Products

Prior to 2008, Korea restricted the importation of U.S. beef and beef products, citing concerns related to bovine spongiform encephalopathy (BSE). In 2008, the United States and Korea reached a bilateral agreement to fully reopen Korea's market to U.S. beef and beef products. However, as a transitional

measure, Korea required that U.S. beef and beef products imported into Korea be derived from animals less than 30 months of age. This “transitional measure” has remained in place for eighteen years. In addition, Korea continues to prohibit the import of processed beef products, including ground beef patties, beef jerky, and sausage, regardless of age, as well as food products containing U.S. beef as raw ingredients, regardless of content.

Market Access for Pet Food Containing Ruminant Ingredients

In 2006, the United States requested resumption of market access for pet food containing ruminant ingredients following Korea’s ban of all ruminant products from the United States in 2003. In May 2018, the United States sent an expanded market access request to Korea’s MAFRA for pet food containing U.S.-origin ruminant ingredients, as well as any ruminant ingredients imported from countries that, like the United States, are deemed by the World Organization for Animal Health as having a negligible risk for BSE. MAFRA published the revised import health requirements for pet food on January 15, 2025, which create a pathway to allow pet food containing ruminant ingredients. MAFRA established a grace period for products currently in the market to use their existing health certificate until December 31, 2027.

Horticultural Products

Several U.S. market access requests remain pending with the MAFRA APQA. Among them are expanded access for blueberries from U.S. states other than Oregon; expanded access for potatoes from 11 additional U.S. states; improvement in the cherry import program; and access for apples, pears, baby carrots, strawberries, California stone fruits, and frozen raspberries and blackberries. The United States has requested that the APQA expedite the approval process for these products. The United States and Korea continued efforts to establish access for U.S. exports and discussed these issues throughout 2025. In the November 13, 2025, U.S.–Korea Joint Fact Sheet, Korea committed to establishing a U.S. Desk at APQA dedicated to processing requests for U.S. horticultural products. In December 2025, Korea notified the United States that the U.S. Desk had been established.

Maximum Residue Limits

Korea’s Positive List System (PLS) requires the establishment of new import tolerances for agrochemical residues that were previously permitted but not officially registered for use in Korea, as well as for new substances for which Korea has not established maximum residue limits (MRLs). Korea requires U.S. agricultural exports to comply with Korea’s domestic MRLs, import tolerance, or a default of 0.01 parts per million (ppm).

On January 1, 2024, Korea eliminated its policy of recognizing veterinary drug MRLs for the same tissue in a similar species and no longer accepts Codex Alimentarius (Codex) MRLs for veterinary drug residues in beef, pork, chicken, eggs, milk, and fishery products. Instead, Korea now implements its PLS for veterinary drugs, referencing only domestic MRLs or import tolerances set for veterinary drugs in the aforementioned products. In the absence of a domestic MRL or import tolerance, a 0.01 ppm default tolerance applies. For growth supplements such as beta-agonist and steroid type anti-inflammatory drugs, “non-detection” applies.

The United States continues to urge Korea’s MFDS to establish science-based MRLs that align with international standards to streamline market access for imported food and agricultural products.

GOVERNMENT PROCUREMENT

Korea is a Party to the WTO Agreement on Government Procurement (GPA).

Encryption and Security Requirements for Public Procurement of Information and Communication Technology Equipment

Korea and the United States are both members of the Common Criteria Recognition Arrangement (CCRA), under which products certified at any CCRA-accredited laboratory in any member country should be accepted as meeting the certification requirements in any other member country. However, Korea's National Intelligence Service (NIS) has imposed additional domestic cybersecurity certification requirements through its Security Evaluation Scheme (SES) since October 2014. Korea has broadly imposed the SES for Common Criteria (CC)-certified information technology products to be sold to the public sector. In October 2022, the NIS introduced a three-tiered scheme dividing all public institutions into three sensitivity tiers. The NIS now allows institutions in the middle and lower tiers, such as universities and public schools, to use CC-certified information and communication technology products without additional domestic security verification. However, the SES still applies to most major public institutions, which account for more than 90 percent of the public sector market, including all central administrative institutions such as ministries and metropolitan local governments. The United States has urged Korea to abide by its obligations as a CCRA member.

Korea requires network equipment procured by public sector agencies (*i.e.*, government agencies and quasi-government agencies) to incorporate encryption functionality certified by the NIS. However, the NIS only certifies encryption modules based on the Korean-developed ARIA and SEED encryption algorithms, rather than the internationally standardized Advanced Encryption Standard (AES) algorithm in widespread use worldwide. Although ARIA and SEED are aligned with ISO standards, they are used primarily in Korea. This restriction has *de facto* significantly limited U.S. suppliers' access to this market as it requires the development of a Korea-specific product line, which may not be commercially viable. The United States has urged Korea to ensure that equipment based on widely used standards has full access to Korea's public sector market. In September 2024, the NIS announced it will also recognize AES and introduced a Multi-Level Security scheme in 2025, but it still does not recognize AES for most of the public sector market.

Cloud Security Certification for Public Sector Cloud Service Procurement

The Cloud Security Assurance Program (CSAP) was created by the Korea Internet and Security Agency in 2016 and elevated from administrative guidance to a legal requirement through a March 2022 revision to the Cloud Computing Promotion Act. The CSAP, which applies to Korea's central, provincial, and local public sector with very limited exceptions, creates significant barriers to foreign cloud service providers (CSPs) seeking to sell to Korea's public sector. In order to obtain the low-tier certification, CSPs are required to comply with data localization of cloud systems, create backup systems and data, and ensure that operations and management personnel of cloud service providers are located within the territory of Korea. CSPs must also use only NIS-certified encryption algorithms (ARIA or SEED).

The potential market from which U.S. providers are being excluded is large and growing. In August 2022, Korea began a review of the CSAP with a view to reform it in a way that would open market access possibilities for foreign service providers, indicating it would benchmark the U.S. Federal Risk and Authorization Management Program (FedRAMP). On January 19, 2023, Korea revised the Notification of the Security Certification for Cloud Computing Services to introduce a three-tiered scheme dividing all public networks into three risk tiers under the CSAP, which still creates significant barriers to U.S. CSPs seeking to sell to Korea's public sector. Only those CSPs that have at least the mid-tier CSAP certification

can effectively participate in the government's digital transformation initiative. The United States raised this issue on May 16, 2024, and urged Korea to align its cloud security certification requirements with other internationally accepted standards. In September 2024, NIS announced it would waive the local encryption algorithm requirement up to the mid-tier CSAP certification, but as of December 31, 2025 this had yet to be implemented. No foreign CSP has been able to obtain mid-tier or higher CSAP certification. In September 2025, NIS unveiled the National Network Security Framework (N2SF), intended to modernize public sector IT security by replacing rigid network separation requirements with a more flexible, risk-based approach that classifies data into three sensitivity levels. However, U.S. CSPs remain concerned the N2SF would still require physical network separation for the majority of public sector data.

Artificial Intelligence Infrastructure Procurement

In May 2025, U.S. CSPs reported that the Korean Ministry of Science and ICT (MSICT) issued tenders for high-performance graphics processing unit (GPU) chips and additional cloud resources that were only accessible to domestic bidders, thus excluding U.S. companies from participating.

Offsets in Defense Procurement

The Korean Government has pursued policies that prioritize local technology and products over foreign defense technology through its defense offset program. An offset obligation may arise for a foreign contractor should the value of the defense contract exceed \$10 million.

INTELLECTUAL PROPERTY PROTECTION

In general, Korea has a strong regime of intellectual property (IP) protection and enforcement. Under KORUS, Korea agreed to strong enforcement provisions for various types of IP rights and agreed to join key multilateral IP agreements. Moreover, the Korean Government prioritizes IP protection, as Korea is a significant creator of IP. Nevertheless, some IP-related concerns remain, including with respect to: the transshipment of counterfeit goods, especially via small express-shipped parcels; geographical indications; and a lack of civil and criminal penalties sufficient to deter IP violations. The United States continues to work with Korea to improve these areas. Korea has introduced, but not adopted, legislation to accede to the Patent Law Treaty.

SERVICES BARRIERS

Audiovisual Services

Notwithstanding KORUS commitments to not impose new restrictions, multiple Korean Government agencies and the National Assembly have been discussing ways to incorporate online media streaming platforms into the existing restrictive regulatory framework for legacy media, including potential Korean content requirements and National Broadcasting Fund contributions for U.S. over-the-top platforms.

Insurance Services

Reinsurance firms are not able to transfer information outside Korea as required in their ordinary course of business and as provided under KORUS. Korea's Financial Services Commission (FSC) informed the U.S. Government in 2022 and in 2024 that it changed its interpretation of relevant rules under the Personal Information Protection Act such that U.S. reinsurance companies could send personal information of primary insurance policy holders outside Korea for purposes of data processing, risk management, and underwriting. On December 31, 2025, Korea published "Interpretation of the Personal Information

Protection Act and the Credit Information Act and related laws and regulations regarding the overseas transfer of personal credit information by reinsurance companies” to clarify outstanding questions around the use of a revised consent form and changes to Korean laws. The United States will continue to monitor implementation of the interpretation in consultation with U.S. stakeholders.

Professional Services

Since 2013, Korea has taken steps to open its legal services market, as outlined in KORUS. The amended Foreign Legal Consultants Act (FLCA) now allows foreign law firms to open foreign legal consultant offices in Korea and to enter into “cooperative agreements” with Korean firms to handle cases jointly where domestic and foreign legal issues are mixed. Foreign-licensed lawyers and firms have been able to establish joint ventures and hire Korean-licensed lawyers since 2017, but several requirements discourage U.S. companies from doing so. FLCA limits a foreign law firm’s ownership of the joint venture to 49 percent and requires that the firms composing the joint venture have been in operation for at least three years in the home jurisdiction. FLCA also requires foreign and Korean law firms participating in a joint venture to establish a new separate legal entity under Korean law. In addition, FLCA limits the scope of practice of joint ventures. These provisions undermine the legislation’s purpose of facilitating trade in legal services between the two countries.

Other Digitally-Enabled Services and Digital Products

Network Usage Fees

Since 2021, a number of bills have been introduced in the National Assembly that would require foreign content providers to pay network usage fees to Korean Internet service providers (ISPs). Because some Korean ISPs are also themselves content providers, fees paid by U.S. content providers could benefit a Korean competitor. Furthermore, such a mandate could be anticompetitive by further strengthening Korea’s ISP oligopoly of three major providers to the detriment of the content industry. The United States raised this issue with Korea on several occasions throughout 2025.

Location-Based Data

Korea’s restrictions on the export of location-based data have led to a competitive disadvantage for international suppliers seeking to incorporate such data into services offered from outside Korea. For example, foreign-based suppliers of interactive services incorporating location-based functions, such as traffic updates and navigation directions, cannot fully compete against Korean companies because locally-based competitors typically are not dependent on foreign data processing centers and do not need to export location-based data. Korea is the only significant market in the world that maintains such restrictions on the export of location-based data. While there is no general legal prohibition on exporting location-based data, exporting such data requires a license. As of December 31, 2025, Korea had never approved a license to export cartographic or other location-based data, despite receiving numerous applications from foreign suppliers. Korea has conditioned approval of the license on criteria that *de facto* discriminate against foreign companies, such as a requirement to establish a local data center.

Data Localization

The 2011 Personal Information Protection Act (PIPA) imposes restrictions on the transfer of personal data outside Korea. In 2023, the PIPA was substantially revised and the Korean Personal Information Protection Commission (PIPC) adopted an Enforcement Decree that took effect in March 2024. These changes provide the PIPC with new authority to impose fines on service providers based on their global revenue, rather than revenue in Korea, and to order the suspension of cross-border transfers of personal data. The

PIPA permits the transfer of personal data outside of Korea only in limited circumstances, such as when the service provider has obtained a separate consent from the data subject to transfer data outside of Korea, when the recipient of the data has obtained a privacy certification recognized by the PIPC, or when the data is transferred to a country that the PIPC has determined provides an equal level of data protection, among others. These restrictions pose barriers to the cross-border provision of services that depend on data storage and processing.

With respect to financial services data, Korea's Financial Supervisory Service regulations, overseen by the FSC, mandate that financial institutions must process personal credit information and unique identification information on data systems located in Korea. This network segregation incurs operational challenges, increased costs, cybersecurity inefficiencies, and competitive disadvantages for global financial institutions operating in Korea.

National Core Technology Barriers to Using U.S. Cloud Service Providers

Under the Act on Prevention of Divulgence and Protection of Industrial Technology (Industrial Technology Protection Act), MOTIR maintains a list of national core technologies that, if leaked overseas, could adversely affect national security. This includes technologies in the semiconductor, automotive, robotics, and aircraft sectors. MOTIR does not allow the use of foreign CSPs for national core technology workloads, claiming that U.S. CSPs may export data overseas. U.S. stakeholders have been working with MOTIR on new guidelines for using cloud computing for companies working on national core technologies and urged MOTIR to release the guidelines as soon as possible.

INVESTMENT BARRIERS

Korea maintains various restrictions on foreign investment in the telecommunications and broadcast media sectors. Korean law prohibits foreign investment in radio and terrestrial broadcasting operations; limits foreign ownership to no greater than 25 percent in news agency activities; and limits foreign ownership to no greater than 49 percent in television programming and content distribution, cable and satellite broadcasting services, and wired, wireless, satellite, and other telecommunications. Since March 2015, Korea has permitted U.S. investors to hold up to 100 percent ownership of a television program provider not engaged in news reporting, multi-genre programming, or home shopping. Foreign cable and satellite retransmission channels are limited to no greater than 20 percent of the total number of operating channels.

In addition to these restrictions, Korea prohibits foreign ownership in the nuclear power generation sector and limits foreign ownership to no greater than 30 percent of the country's total power generation capacity. Korea also limits foreign ownership to no greater than 50 percent for enterprises engaged in raising beef cattle; meat wholesaling; electric power sale, transmission, and distribution; coastal passenger and freight transport; and newspapers, magazines, and periodicals.

ANTICOMPETITIVE PRACTICES

In 2025, the Korean Government, including the Korea Fair Trade Commission and the National Assembly, considered various proposals to regulate certain suppliers of digital services that meet global and national revenue thresholds. These proposals would apply to a number of large U.S. companies operating in the Korean market. The proposals also likely apply to a small number of large Korean companies, but exclude a number of other major Korean companies as well as companies from other countries. The proposals include a number of *ex ante* prohibitions and obligations that would address competition and content moderation issues in the Korean market. U.S. companies have urged the Korean Government to take a more deliberative approach to these issues, including by conducting a comprehensive market analysis to

determine the level of competition and a regulatory impact assessment of the proposed measures. The United States continues to urge Korea to improve its engagement with this sector by enhancing transparency and providing meaningful opportunities for stakeholder input.

OTHER NON-MARKET POLICIES AND PRACTICES

Korea does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Korean markets from distortions and ensure a fair and secure trading relationship. Korea has not entered into an Agreement on Reciprocal Trade that includes commitments to address distortions caused by such NMPPs. Korea participates in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Korea's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association, the effective recognition of the right to collective bargaining, and the elimination of all forms of forced or compulsory labor. The United States also has concerns with respect to labor law enforcement. In addition, the U.S. Department of Homeland Security Customs and Border Protection (CBP) maintains an active Withhold Release Order (WRO) against a Korean entity. On April 3, 2025, CBP issued a WRO against sea salt products produced in Korea by Taepyeong Salt Farm, based on information that reasonably indicates the use of forced labor. Korea does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Korea's market. Together, these issues may artificially suppress labor costs, giving certain goods and services from and within Korea an unfair advantage. In 2025, Korea passed an amendment to the Trade Union and Labor Relations Adjustment Act to strengthen workers' rights to freedom of association and collective bargaining.

ENVIRONMENT

Korea continues to face challenges with illegal, unreported, and unregulated (IUU) fishing. Korea's fishing industry is a large producer of fish and fish products with a large domestic consumer market. IUU fishing puts legitimate fishermen and seafood producers at a disadvantage in domestic and global markets and creates unfair competition with producers that bear the cost of sustainable fishing practices. In 2019, following a request for consultations under KORUS, Korea amended its law regulating the Korean fisheries industry to make more enforcement mechanisms available. Since then, Korea has continued to take steps to improve monitoring, control, and enforcement of its distant water fishing fleet, including enhanced vessel monitoring, port inspections, and interagency coordination. However, Korea's implementation and enforcement across its distant water fleet, and continued engagement with the United States will be important to strengthen transparency, traceability, and compliance with its international fisheries management obligations.

OTHER BARRIERS

Motor Vehicles

Increased access to Korea's automotive market for U.S. automakers remains a key priority for the United States.

The U.S. Government has raised concerns about Korea's emission-related components (ERC) regulations under Korea's Clean Air Conservation Act. Vehicle manufacturers and importers are required to obtain either a modification certification (for a substantial modification of ERCs) or prepare modification reports for insignificant changes. However, the automobile industry has expressed concern about lack of clarity over what types of modifications fall under which category. Automakers also have noted that violations with respect to imports could be subject to criminal prosecution by Korea's customs authorities, which lack authority to investigate domestically manufactured vehicles.

Pharmaceuticals and Medical Devices

Korea reduces the prices of drugs over their lifecycle through mechanisms such as the actual transaction price (ATP) process and price-volume agreements (PVA). The ATP process allows Korea to reduce the listed price of a drug by up to 10 percent every two years when the actual transaction price of the drug (*e.g.*, the price paid by hospitals or reimbursed by the national health insurance) is lower than the current listed price. Pharmaceutical companies also must enter into a PVA with the National Health Insurance Service (NHIS) for every drug, which stipulates the initial listed price and estimated sales volume. If the actual sales volume exceeds the estimate sales volume by a certain threshold, the NHIS may reduce the drug's list price.

While U.S. pharmaceutical companies welcomed reports in November 2025 of plans for reform, they continue to raise concerns regarding limited transparency and predictability in pricing and reimbursement decisions, insufficient opportunities for early and meaningful stakeholder input, and opaque criteria for Innovative Pharmaceutical Company accreditation, through which the Ministry of Health and Welfare designates certain companies to receive tax credits, research and development support, and more favorable premiums.

The United States continues to urge Korea to solicit and consider stakeholder input, including by offering meaningful input opportunities for U.S. stakeholders, when developing any measures related to reimbursement policies, and to follow transparent processes in the development of any new policies and measures.

Non-Cooperation on Duty Evasion

Korea is one of a few major U.S. trading partners that is not in the process of concluding or that has not concluded a duty evasion cooperation agreement with the United States. The lack of such an agreement inhibits legitimate trade between the United States and Korea, and fails to assist both governments to segment higher risk shipments from third country manufacturers that are transshipped through Korea. The lack of having an agreement in place continues to undermine efforts to address duty evasion and has a meaningful impact on both U.S. and Korean exporters.

LAOS

TRADE SUMMARY

The U.S. goods trade deficit with Laos was \$2.1 billion in 2025, a 171.5 percent increase (\$1.3 billion) over 2024. U.S. goods exports to Laos totaled \$20.9 million in 2025, down 47.5 percent (\$18.9 million) from 2024. U.S. goods imports from Laos totaled \$2.1 billion in 2025, up 160.7 percent (\$1.3 billion) from 2024. Total U.S. goods trade (exports plus imports) with Laos was an estimated \$2.1 billion in 2025. Laos was the 189th largest U.S. goods export market in 2025.

The U.S. services trade deficit with Laos was \$46 million in 2024 (latest data available), a 360.0 percent increase (\$36 million) over 2023. U.S. services exports to Laos totaled \$40 million in 2024 (latest data available) down 9.1 percent (\$4 million) from 2023. U.S. services imports from Laos totaled \$86 million in 2024 (latest data available) up 59.3 percent (\$32 million) from 2023. Total U.S. services trade with Laos was an estimated \$126 million in 2024 (latest data available). Laos was the 179th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Laos Trade and Investment Framework Agreement

The United States and Laos signed a Trade and Investment Framework Agreement (TIFA) on February 17, 2016. The TIFA is the primary mechanism for discussions of trade and investment issues between the United States and Laos. The United States signed a bilateral trade agreement with Laos (the Agreement between the United States of America and the Lao People’s Democratic Republic on Trade Relations), which entered into force on February 4, 2005.

IMPORT POLICIES

Tariffs

Laos’s average Most-Favored-Nation (MFN) applied tariff rate was 8.6 percent in 2024 (latest data available). Laos’s average MFN applied tariff rate was 11.1 percent for agricultural products and 8.2 percent for non-agricultural products in 2024 (latest data available). Laos has bound 100 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound MFN tariff rate of 18.6 percent.

Taxes

In October 2023, a Laos presidential decree raised excise taxes on six categories of products, including gasoline vehicles, with progressively higher tax rates aligned with engine size, such that vehicles with engines of a cylinder capacity exceeding 5,000 cubic centimeters are subject to a tax rate of 220 percent. U.S. automobile brands dominate the market for larger engines. U.S. stakeholders have raised concerns that the decree was issued without adequate consultation.

Value-Added Taxes

Laos applies a standard value-added tax (VAT) rate of 10 percent to most goods and services, including U.S. exports to Laos. Laos rebates VAT duties on exports, including exports to the United States. There is no minimum threshold for the VAT on imports. However, several goods and services are exempt from

the VAT, including unprocessed agricultural products, seeds, fertilizers, equipment for agricultural purposes, certain educational goods and services, certain transportation goods and services, certain medical goods and services, and certain financial services.

Non-Tariff Barriers

Foreign Currency from Exports

In March 2024, the Bank of the Lao (BOL) issued Decision No. 333 establishing minimum requirements and a strict timeline for converting income received in foreign currency into national currency. Exporters are required to exchange a minimum percentage of payments received in foreign currency from the export of goods and services through their import-export bank account within a specific timeframe. Both the percentage of income and the timeline vary by sector. Commercial banks are required to then sell at least 30 percent of the foreign currency they buy from export operators to the BOL by the following working day. U.S. stakeholders have raised concerns that the decree was issued without adequate consultation.

Customs Barriers and Trade Facilitation

Laos notified its customs valuation legislation to the WTO in July 2013, but has not yet responded to the WTO Checklist of Issues that describes how the Customs Valuation Agreement is being implemented.

TECHNICAL BARRIERS TO TRADE

Vehicles

Laos's Government Decree No. 470 of 2019 on the management of land vehicles requires that imported vehicles, registered and used in Laos, meet regional and international standards and comply with the international obligations of Laos related to land vehicles. Under the Association of Southeast Asian Nations (ASEAN) Mutual Recognition Agreement on Type Approval for Automotive Products, ASEAN members established a procedure for accepting or recognizing conformity assessment results with reference to the United Nations Economic Commission for Europe (UNECE) 1958 Agreement regulations. Further regulations are anticipated, and the United States will continue to monitor the development of proposed regulations to promote acceptance of imported vehicles that meet the high standards contained in the U.S. Federal Motor Vehicle Safety Standards.

INTELLECTUAL PROPERTY PROTECTION

Laos continues to improve its intellectual property (IP) regime, such as by amending the Law on Intellectual Property to enhance IP protection in the country, which entered into force on January 24, 2024, and also continues to increase public awareness and media coverage of the harm caused by counterfeit goods and the impact of copyright piracy on local content industries. Laos continues to work to establish an effective system for civil and criminal enforcement of IP. However, counterfeit and pirated goods continue to be available in Laos's marketplaces.

OTHER MARKET-DISTORTING PRACTICES

Laos does not impose sufficient measures against market-distorting practices in order to insulate the U.S. and Lao markets from these distortions and ensure a fair and secure trading relationship. Laos has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address these distortions. Laos does not participate in the Global Forum on Steel Excess Capacity, which is

dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Laos's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. Laos does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Laos's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Laos an unfair advantage.

ENVIRONMENT

Illegal Wildlife Trade and Associated Crimes

Wildlife trafficking is a serious transnational crime that threatens security and economic prosperity. Laos, with its unique geographical location in Southeast Asia sharing five land borders with neighboring countries, is a major source, transit point, and consumer of illicit wildlife products and their derivatives. The Government of Laos is known to be actively engaged in or knowingly profiting from trafficking of highly endangered species, including pangolins, tigers, and rhinos. Laos continues to be a major market for illegal ivory products and a transit point for poached ivory from Africa to neighboring Asian countries. Timber trafficking also remains a significant issue. Weak penalties for environmental crimes, as well as poor environmental law enforcement and corruption, facilitate the illegal wildlife and timber trade, which ultimately undercuts legitimate U.S. businesses—for example, in the pet, fashion, timber, and medical research sectors—that comply with strict regulations and sustainable practices. This also contaminates global supply chains, which may be riddled with illicit products that can ultimately reach U.S. consumers.

OTHER BARRIERS

Corruption

Corruption is widespread in Laos, affecting all levels of the economy. Anti-corruption laws provide criminal penalties for corruption by government officials, but enforcement remains weak. Corruption is particularly problematic in government development and assistance projects, especially those involving construction, natural resource extraction, and projects developed in certain special economic zones. Corruption also enables other practices that undermine the competitiveness of U.S. companies. For example, corrupt actors procure fraudulently obtained Certificates of Origin for products not actually produced in Laos but rather in countries subject to higher tariffs; this practice artificially lowers the price these companies can charge U.S. purchasers.

Economic Cartels

Lao businesses operating within the same sector often form groups to collectively set market prices for their goods. Products sold at prices outside the agreed range—either lower or higher—are subject to group boycotts. These business groups also have *de facto* authority to determine and restrict the volume of imported products, which they decide based on their internal production projections. The Laos Department of Internal Trade under the Laos Ministry of Industry and Commerce serves as the authorizing and inspecting body for the activities of these business groups. The Government of Laos does not directly prohibit or restrict imports but regularly leverages these business groups to achieve similar outcomes.

Export Bans

Through Prime Minister Order 15 issued in 2016, Laos prohibits the export of logs, sawn wood, and other unprocessed timber.

MALAYSIA

TRADE SUMMARY

The U.S. goods trade deficit with Malaysia was \$30.8 billion in 2025, a 23.9 percent increase (\$5.9 billion) over 2024. U.S. goods exports to Malaysia totaled \$28.9 billion in 2025, up 4.5 percent (\$1.2 billion) from 2024. U.S. goods imports from Malaysia totaled \$59.7 billion in 2025, up 13.7 percent (\$7.2 billion) from 2024. Total U.S. goods trade (exports plus imports) with Malaysia was an estimated \$88.5 billion in 2025. Malaysia was the 20th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Malaysia was \$1.2 billion in 2025, a 31.2 percent decrease (\$522 million) over 2024. U.S. services exports to Malaysia totaled \$3.8 billion in 2025, down 6.1 percent (\$246 million) from 2024. U.S. services imports from Malaysia totaled \$2.6 billion in 2025, up 11.7 percent (\$276 million) from 2024. Total U.S. services trade with Malaysia was an estimated \$6.4 billion in 2025. Malaysia was the 35th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Malaysia Trade and Investment Framework Agreement

The United States and Malaysia signed a Trade and Investment Framework Agreement (TIFA) on May 10, 2004. The TIFA is the primary mechanism for discussions of trade and investment issues between the United States and Malaysia.

United States–Malaysia Agreement on Reciprocal Trade

On October 26, 2025, Malaysia and the United States signed the Agreement Between the United States of America and Malaysia on Reciprocal Trade (ART). The ART will enter into force 60 days after the date on which the Parties exchange written notifications certifying completion of their applicable legal procedures or on such other date as the Parties may agree. This NTE Chapter includes an illustrative set of the ART provisions that address identified barriers. The United States will closely monitor implementation of the ART.

IMPORT POLICIES

Tariffs

Malaysia's average Most-Favored-Nation (MFN) applied tariff rate was 5.5 percent in 2024 (latest data available). Malaysia's average MFN applied tariff rate was 7.0 percent for agricultural products and 5.3 percent for non-agricultural products in 2024 (latest data available). Malaysia has bound 83.8 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 20.8 percent. Malaysia's maximum WTO bound tariff rate varies significantly by product group, from a maximum of 5 percent for petroleum to a maximum of 236 percent for dairy products. U.S. chocolate and confectionery products are subject to MFN tariffs up to a maximum of 15 percent.

Duties for tariff lines where there is significant local production are often higher. In general, tariffs are lower for raw materials than for value-added goods.

Under the ART, Malaysia has agreed to eliminate or reduce tariffs on 90 percent of U.S. goods, including chemicals, machinery and electrical equipment, metals and ores, fuel ethanol, poultry, and rice. In total, once the ART is fully implemented, 97 percent of U.S. exports to Malaysia will not face any tariffs.

Taxes

On July 1, 2025, Malaysia's Ministry of Finance began implementation of an expanded Sales and Service Tax (SST), which, according to the Ministry, will keep essential goods consumed by the public at the current zero percent sales tax rate and raise the sales tax rate on discretionary goods to 5 percent or 10 percent for goods including imported agricultural products and seafood. After an initial public reaction, imported apples and oranges were removed from the July 2025 list, and soybeans were exempted on September 12, 2025. Under the ART, Malaysia agreed to exclude U.S. exports of agriculture and seafood products from the SST.

Malaysia continues to assess a higher excise tax on imported distilled spirits than on spirits that are predominantly produced domestically. Under the ART, Malaysia agreed to apply the same excise duty rate per liter of pure alcohol to all distilled spirits.

U.S. denatured ethanol exports to Malaysia are subject to a MYR 3.79 (approximately \$0.88) import tariff and a MYR 4.58 (approximately \$1.07) plus an additional 15 percent excise duty per gallon. Other industrial and gasoline additives (such as benzene, toluene, xylene, and methyl tertiary-butyl ether (MTBE)) enter Malaysia free of tariffs and excise duties.

Malaysia also maintains very high excise taxes on motor vehicles, ranging from 60 percent to 105 percent, based on vehicle type and engine size. Under the ART, Malaysia agreed to apply to all new U.S. manufactured internal combustion engine motor vehicles regardless of engine size the lowest rate that it applies to any motor vehicles in the same vehicle category as provided in the Customs Excise Duties Order in force.

Non-Tariff Barriers

Import Bans/Restrictions

Malaysia imposes import restrictions on automobiles under the Malaysian National Automotive Policy, which makes a fundamental distinction between “national” cars (*e.g.*, domestic automakers Proton and Perodua) and “non-national” cars, which include other vehicles produced or assembled in Malaysia, as well as imports. The Malaysian system of “national approved permits” confers on permit holders the right to import and distribute cars and motorcycles. The national approved permits system is administered in a non-transparent manner and is used to implement a cap on the total number of vehicles that can be imported each year, currently set at 10 percent of the domestic market. Under the ART, Malaysia agreed to refrain from capping the total number of U.S. vehicles that can be imported each year. Malaysia also agreed to eliminate its automotive tariffs within five years.

In its 2024 federal budget, the Malaysian Government proposed import and excise duty exemptions for imported electric vehicles (EVs) through December 31, 2025, and for locally assembled EVs that would benefit from these exemptions through December 31, 2027.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Halal Import Requirements

Malaysia requires that all imported meat (besides pork), poultry, and dairy products obtain halal certification from a Malaysian Government approved Foreign Halal Certification Body (FHCB) as a condition of entry. This requirement continues to be enforced despite a long-standing policy allowing non-halal restaurants and retail outlets to operate in Malaysia. Moreover, Malaysia's halal requirements are more prescriptive than relevant internationally recognized guidelines on labeling food as halal. Specifically, Malaysia requires slaughter plants to maintain dedicated halal production facilities and to ensure segregated storage and transportation facilities for halal and non-halal products. In contrast, relevant international practices allow for halal food to be prepared, processed, transported, or stored using facilities that have been previously used for non-halal foods, provided that Islamic cleaning procedures have been observed. U.S. industry has expressed concerns regarding the costs of creating new, segregated production facilities to access Malaysia's market.

The halal practices at each individual U.S. meat and poultry plant must be inspected by Malaysia's Department of Islamic Development (JAKIM) and certified by a JAKIM-accredited FHCB before products are exported to Malaysia. Malaysia's Department of Veterinary Services (DVS), in conjunction with JAKIM, previously approved only one U.S. beef plant and one U.S. turkey plant to export halal products to Malaysia. In October 2023, Malaysia unexpectedly suspended imports from the only approved U.S. beef plant following an audit by DVS and JAKIM due to alleged halal concerns. JAKIM did not accept input or corrective actions from the plant. The United States is working to improve communication and engagement on halal issues with the Malaysian Government.

Under the ART, Malaysia agreed to allow any U.S. Halal certifier designated by JAKIM, to certify food and agricultural products as Halal for importation into Malaysia without additional requirements.

Facility Registration Requirements

Malaysia requires all meat, poultry, and dairy facilities that export to Malaysia to be registered by DVS. This process requires submission of an application with extensive supporting documentation for DVS review, which can take several months. Following the application review, meat and poultry products are subject to facility-by-facility on-site inspection by DVS and JAKIM. For all products subject to registration, DVS requires additional documentation to make any adjustment to registration parameters (e.g., introduction of a new product in an approved facility and clerical changes to plant numbers or addresses). Updating the registration can involve additional delays of weeks to months. Minor differences between export certificate details and facility details in the registration system can result in detained shipments that often take several days to weeks to clarify. The registration system is overly burdensome, creates significant delays, and is unnecessary in light of the United States' long history of supplying safe products to Malaysia.

Under the ART, Malaysia agreed to: recognize the U.S. dairy-safety system as providing at least the same level of protection as Malaysia's dairy-safety system; allow imports of U.S. dairy products of bovine, ovine, and caprine origins when accompanied by a U.S. Department of Agriculture (USDA) Agricultural Marketing Service (AMS) dairy sanitary certificate; and register U.S. dairy facilities based on the list provided by USDA AMS.

Under the ART, Malaysia also agreed to: recognize the USDA Food Safety and Inspection Service (FSIS) oversight of U.S. meat and poultry (including offal), meat and poultry products, processed meat and poultry, Siluriformes, and egg product facilities, including cold storage warehouses; allow imports when U.S. products are accompanied by an FSIS certificate; and accept the FSIS Meat, Poultry and Egg Product Inspection Directory as the official list of U.S. establishments eligible to export FSIS regulated products. Malaysia will not impose additional product registration and facility registration requirements on FSIS-regulated products.

Restrictive Regulations—Alcoholic Beverage Products

Malaysia's Food Regulations of 1985 provide narrow definitions of alcoholic beverages and do not allow for the sale of new products that do not fit neatly within the defined categories, meaning many products are effectively prohibited from importation. The United States is concerned that U.S.-produced malt-based and spirit-based ready-to-drink products are not permitted in Malaysia even though similar wine-based beverages are allowed. U.S. and international spirits companies have proposed the establishment of a new definition for ready-to-drink products, though this process is expected to take at least two years.

Under the ART, Malaysia agreed to conduct an independent impact assessment with a view to expanding Malaysia's current definitions for alcoholic beverages to include U.S. malt-based and spirit-based ready-to-drink products by the end of 2028. The United States continued to engage with Malaysia on its regulations for alcoholic beverage products, including potentially trade-restricting definitions for alcoholic beverages.

Automotive Standards

Malaysia's national automotive safety regulatory system is aligned with the United Nations Economic Commission for Europe (UNECE) 1958 Agreement, and does not accept U.S. Federal Motor Vehicle Safety Standards and its certification system. As these automotive regulatory systems are not interoperable, Malaysia's adoption of only the UNECE 1958 Agreement system creates barriers for U.S. vehicle and vehicle parts exports to enter the market. Under the ART, Malaysia agreed to accept U.S. manufactured vehicles built to U.S. Federal Motor Vehicle Safety Standards and emissions standards and accept U.S. automotive compliance procedures.

Sanitary and Phytosanitary Barriers

Highly Pathogenic Avian Influenza Restrictions

In July 2022, Malaysia banned the import of all live poultry and poultry products from the United States due to concerns about highly pathogenic avian influenza (HPAI). USDA's Animal and Plant Health Inspection Service (APHIS) proposed a regionalization arrangement in 2023, which would allow suspension of poultry trade from specific zones affected by HPAI, rather than the entire country. It would also allow for resumption of trade when the outbreak is controlled. APHIS provided Malaysia's DVS with additional information about its HPAI control programs, but the arrangement was still pending as of December 31, 2025.

Since October 24, 2024, Malaysia has cited HPAI as its reason to impose new attestations or pause exports of other non-poultry products to Malaysia including live cattle, swine, and bovine genetics. These new attestations were not notified, or notified after a delay, to USDA regulators and include unnecessary and costly HPAI testing requirements. Further, the new requirements for live cattle, swine, and bovine genetics are not aligned with World Organization for Animal Health (WOAH) regulations and have not been notified

to the WTO. The United States continued to seek that any HPAI-related measure be timely notified to the WTO.

Under the ART, Malaysia has agreed to not adopt or maintain any measure related to importation of live poultry, poultry genetics, poultry products, or eggs and egg products that is inconsistent with the WOHAI including Terrestrial Animal Health Code Chapter 10.4 (Infection with High Pathogenicity Avian Influenza Viruses) or any successor thereto. Within 180 days of the date of entry into force of the ART, Malaysia also agreed to decrease the scope of regionalization of the United States to the county level for live poultry, poultry genetics, poultry products, and eggs and egg products.

GOVERNMENT PROCUREMENT

Malaysia generally invites international tenders only when domestic goods and services are unavailable. In those cases, foreign companies are required by law to take on a local Bumiputera (indigenous ethnic Malay) as a qualified partner before their tenders will be considered.

The Malaysian Government indirectly discourages a fair, open, and competitive marketplace for international pharmaceutical compounds through procurement preferences for locally manufactured products. For example, the Malaysian Government has announced that it will grant three-year procurement contracts to companies that shift production of imported pharmaceutical products to Malaysia, with the potential for a two-year extension if those locally produced products are exported.

In recent years, the Malaysian Government introduced the Industry Collaboration Programme (ICP), an initiative that aligns with the New Industrial Master Plan 2030. The ICP mandates technology transfer, human resource development, and/or offsets for any procurement surpassing MYR 50 million (approximately \$12 million). Initially designed for sectors like engineering, military, and large-scale infrastructure projects, it has now been expanded to the pharmaceutical industry.

Malaysia is not a Party to the WTO Agreement on Government Procurement (GPA) but has been an observer to the WTO Committee on Government Procurement since July 2012.

INTELLECTUAL PROPERTY PROTECTION

Malaysia amended its intellectual property (IP) laws in 2021, including through the Patent (Amendment) Bill 2021, the Copyright (Amendment) Bill 2021, and the Geographical Indications Bill 2021, all of which entered into force on March 18, 2022. The amendments included provisions to modernize digital protections and create a new criminal offense for committing copyright infringement through streaming.

However, concerns remain in several areas. Counterfeit goods are still available, as highlighted by the continued inclusion of Petaling Street Market in Kuala Lumpur in the [2025 Review of Notorious Markets for Counterfeiting and Piracy](#) (Notorious Markets List). In addition, online piracy remains a challenge for right holders. The United States urges Malaysia to continue its efforts to improve protection against unfair commercial use, as well as unauthorized disclosure, of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products, and to enhance criminal sanctions for trade secret theft and misappropriation.

Under the ART, Malaysia has made commitments that will benefit American innovators and creators by enhancing intellectual property protection and prioritizing enforcement against intellectual property theft. This includes joining and fully implementing key international intellectual property treaties and combatting notorious markets for counterfeiting and piracy. Malaysia has also agreed to only protect legitimate

geographical indications (GIs) and to robust standards for transparency and fairness regarding the protection of GIs.

SERVICES BARRIERS

Financial Services

Best Interest Test

Under the Financial Services Act, Bank Negara Malaysia (Malaysia's central bank) evaluates potential investments in financial institutions based on whether the investment serves the "best interests of Malaysia," the criteria for which include evaluating the level of Malaysian participation in the sector.

Bank Negara Malaysia continues to limit foreign banks to eight physical branches in Malaysia and imposes certain other restrictions. For example, foreign banks cannot set up new branches within 1.5 kilometers of an existing local bank, and Bank Negara Malaysia considers ATMs as equivalent to separate branches. In addition, Bank Negara Malaysia has conditioned foreign banks' ability to offer some services on commitments to undertake certain back-office activities in Malaysia.

Malaysia maintains some restrictions on the business of reinsurance, requiring that Malaysian insurers first seek reinsurance from local reinsurers, and then from reinsurers based in the Labuan territory, before obtaining cross-border reinsurance. Additionally, primary insurers must offer Malaysian Re, the national reinsurer, up to 15 percent of certain lines of both proportional and non-proportional treaty reinsurance and for facultative and engineering reinsurance up to a certain amount.

Cross-Border Data Transfer Restrictions

On April 1, 2025, the Personal Data Protection Amendment Act took effect and on April 29, 2025, the Malaysia Department of Personal Data Protection issued the Cross-Border Personal Data Transfer Guidelines to implement Section 129 of the Personal Data Protection Act of 2010. The Act restricts the transfer of personal data outside of Malaysia unless the destination country has a law that is substantially similar or provides an equivalent level of protection to Malaysian law or when other specific requirements are met, such as the use of standard contractual clauses or binding corporate rules. U.S. companies transferring such data need to conduct a Transfer Impact Assessment to determine whether the destination country qualifies under Malaysian law.

Under the ART, Malaysia has agreed to facilitate digital trade with the United States, including by ensuring the cross-border transfer of data by electronic means across trusted borders, for the conduct of business.

Broadcast and Screen Quota

Malaysia requires that broadcast stations, through broadcast licensing agreements, devote 80 percent of terrestrial airtime to local Malaysian programming. Broadcast stations are also banned from broadcasting foreign programming during prime time. Such quotas fail to incentivize investment in quality content and unfairly restrict U.S. exports of television programming.

Under the ART, Malaysia has agreed to remove the requirement in broadcast licensing agreements that broadcast stations devote 80 percent of terrestrial airtime to local Malaysian programming, and Malaysia has committed to allow broadcasting of foreign programming during prime time.

Telecommunications Services

Cabotage Policy on Submarine Cable Repairs

The Malaysian Ministry of Transport issued an exemption to the Merchant Shipping Ordinance of 1952 in 2019 that allowed non-Malaysian ships to conduct submarine cable repairs in Malaysian waters. The exemption reduced the time required to conduct submarine cable repairs critical for continued Internet, voice, and data traffic. The government reinstated the cabotage exemption on June 2, 2024, but the situation remains uncertain, because the Malaysian Government can rescind the exemption without notice. A permanent revocation of the cabotage policy or a permanent exemption would provide important consistency and predictability for the ICT industry.

Under the ART, Malaysia has agreed to ensure Malaysia's exemption to the Merchant Shipping Ordinance 1952 [Ordinance 70/1952] is permanent, so that non-Malaysian ships are able to conduct submarine cable repairs in Malaysian waters.

INVESTMENT BARRIERS

Limitations on Foreign Ownership

Foreign investment in certain sectors is subject to local participation requirements that take the form of joint ventures with mandated minimum ownership interests held by ethnic Malaysian individuals or entities. When applying for certain operating licenses, permits, or approvals, entities with foreign ownership most commonly comply with the local participation requirements through a 70-30 equity split between the foreign investors (who in aggregate are limited to a maximum of 70 percent ownership) and ethnic Malaysian individuals or entities. Sector-specific regulators set the applicable local participation requirements, including in oil and gas, banking and insurance, education, freight forwarding and logistics, power generation, and cable and satellite telecommunications. For instance, in the oil and gas industry, non-Malaysian firms are permitted to participate in oil services in partnership with local firms and are restricted to a maximum of 49 percent equity stake if the foreign partner is the principal shareholder. In cable and satellite telecommunications, Malaysia limits total foreign investment to a maximum of 30 percent through licensing agreements. Foreign investments are prohibited in terrestrial broadcast networks.

SUBSIDIES

Export Subsidies

Malaysia maintains several programs relating to exports, distinct from the pioneer status and investment tax allowance programs listed in Malaysia's subsidies notifications to the WTO. For example, the normal and enhanced allowance for increased exports programs provide for tax deductions of up to 70 percent of statutory income for increased exports. Malaysia has not included these measures in its WTO subsidies notifications.

Under the ART, Malaysia agreed, upon written request, to provide the United States with information regarding all forms of non-commercial assistance or subsidies. Malaysia also agreed to take action to address the distortive impacts of those subsidies and support mechanisms that may materially affect bilateral trade and investment with the United States.

OTHER MARKET-DISTORTING PRACTICES

Malaysia does not impose sufficient measures against market-distorting practices in order to insulate the U.S. and Malaysian markets from these distortions and ensure a fair and secure trading relationship. Under the ART, Malaysia has agreed to provisions to address these distortions. Malaysia does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Malaysia's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. Malaysia does not yet have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Malaysia's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Malaysia an unfair advantage.

Under the ART, Malaysia has agreed to address various labor-related concerns that the United States has raised and to implement a ban on the importation of goods produced with forced or compulsory labor.

ENVIRONMENT

Illegal Logging and Associated Trade

Illegal logging and trade in illegally harvested timber puts U.S. companies that comply with environmental laws at an unfair disadvantage, funds transnational criminal organizations, depresses global wood prices, and harms the environment and local communities. Malaysia is a source country as well as a destination for illegally harvested timber and timber products. Illegally logged timber from Malaysia may be entering U.S. supply chains, either as flooring or as a component of imported furniture, potentially disadvantaging American producers and manufacturers in these sectors.

Under the ART, Malaysia has agreed to take measures to combat, and cooperate with the United States to prevent, trade in illegally harvested forest products. Malaysia has also agreed to improve forest sector governance.

Illegal Wildlife Trade and Associated Crimes

Wildlife trafficking is a serious transnational crime that threatens security and economic prosperity. Malaysia is both a source and transit country for wildlife trafficking products or their derivatives, including various species of birds and reptiles as well as elephants, rhinos, tigers, and pangolins, which are in demand particularly in China and Vietnam. The Malayan tiger and helmeted hornbill in particular are at risk of extinction as a result of these illegal activities. Malaysia also increasingly serves as a source and transit country for exotic pets trafficked to India. In addition, stakeholders report that more than one third of shark and ray species now face extinction due to overfishing and illegal trade, which has been facilitated by gaps in traceability and seller accountability in online platforms. Illegal wildlife trade undercuts legitimate U.S. businesses, for example in the pet, fashion, and medical research sectors that comply with strict regulations and sustainable practices, and contaminates global supply chains, which may be riddled with illicit product that can ultimately reach U.S. consumers.

Under the ART, Malaysia has agreed to take measures to combat, and cooperate to prevent, the trade of wild fauna and flora that, based on credible evidence, were taken or traded in violation of its domestic law or another applicable law.

MEXICO

TRADE SUMMARY

The U.S. goods trade deficit with Mexico was \$196.9 billion in 2025, a 14.8 percent increase (\$25.4 billion) over 2024. U.S. goods exports to Mexico totaled \$338.0 billion in 2025, up 1.2 percent (\$3.9 billion) from 2024. U.S. goods imports from Mexico totaled \$534.9 billion in 2025, up 5.8 percent (\$29.4 billion) from 2024. Total U.S. goods trade (exports plus imports) with Mexico was an estimated \$872.8 billion in 2025. Mexico was the largest U.S. goods export market in 2025.

The U.S. services trade surplus with Mexico was \$8.4 billion in 2025, a 58.6 percent increase (\$3.1 billion) over 2024. U.S. services exports to Mexico totaled \$52.4 billion in 2025, up 3.9 percent (\$2.0 billion) from 2024. U.S. services imports from Mexico totaled \$44.0 billion in 2025, down 2.5 percent (\$1.1 billion) from 2024. Total U.S. services trade with Mexico was an estimated \$96.4 billion in 2025. Mexico was the 6th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Mexico–Canada Agreement

The United States–Mexico–Canada Agreement (USMCA) entered into force on July 1, 2020. The USMCA sought to rebalance and modernize the North American Free Trade Agreement to include more robust rules of origin, strong, enforceable labor and environmental obligations, provisions to combat non-market practices, and provisions covering small and medium-sized enterprises (SMEs).

Article 34.7.1 of the USMCA provides that the Agreement must terminate 16 years after the date of entry into force, unless each Party confirms that it wishes to continue the Agreement for a new 16-year term. Pursuant to Article 34.7.2 of the USMCA, the United States, Mexico, and Canada will meet on the sixth anniversary of entry into force (*i.e.*, July 1, 2026) to conduct a Joint Review of the operation of the USMCA, evaluate any recommendations for action submitted by a Party, and decide on any appropriate actions.

IMPORT POLICIES

Taxes

Value-Added Taxes

Mexico applies a standard value-added tax (VAT) rate of 16 percent to goods and services, including U.S. exports to Mexico, although no VAT is payable on the sale of certain goods (*e.g.*, certain basic foodstuffs, medicines, and agricultural goods) and a VAT credit may apply in certain border regions (50 percent of the 16 percent VAT rate). Mexico rebates VAT duties on export, including exports to the United States.

Non-Tariff Barriers

Customs Barriers and Trade Facilitation

Mexico continues to provide insufficient prior notification of procedural changes. Recent amendments to the Customs Law were promulgated in rules that were published on December 27, 2025 and went into force on January 1, 2026. Opportunities to comment on proposed regulatory amendments are also often short

and inconsistent. Not all stakeholders have an opportunity to provide input. When input is provided, the acceptance and use of that input is uneven.

The January 1, 2026 rules impose strict liability on customs brokers who fulfill the customs procedures for U.S. exports to Mexico. Significantly more information is required to conduct each import transaction, while the potential liability for penalties has risen dramatically. Mexico's Customs Agency also has an expanded ability to detain and seize shipments.

A significant number of Mexican customs brokers have been suspended in the past year. Yet the exam and application process for approving new customs brokers has not been opened since 2023. The new Customs Law establishes a new Customs Council to oversee the licensing and approval of Mexican customs brokers. The United States will monitor the implementation of the new council and the beginning of its work.

Some goods are still not allowed to be imported at all ports of entry. Restricting goods to certain ports has made it difficult for U.S. exporters to arrange for transportation and logistics for these items, especially for electronic commerce purchases from U.S. SME exporters.

The USMCA prohibits arbitrary limits on the number of ports at which a customs broker may operate. Yet, Article 161 of Mexico's Customs law limits a broker to operate at four ports if the broker is not part of a customs agency. The United States is working diligently with Mexican authorities to ensure the customs brokers that are part of an agency can use their agency tax identity to process shipments at more than four ports. Delays stem from the separation between Mexico's Customs Agency and its Tax Administration Service. The Customs Agency is responsible for developing customs policies and procedures, but the IT systems and equipment that implement those policies are still the responsibility of the Tax Service. Coordination between the two is improving, but remains difficult.

The USMCA also requires that Mexico implement a periodic payment option for express delivery shipments, which Mexico had not done as of January 1, 2026. Further, U.S. stakeholders have raised concerns about updates to the rules for express carriers that eliminate the ability for those carriers to use simplified procedures for high-value shipments more than \$2500, instead requiring importers of those high-value shipments to use a specialized broker.

Other Market Access Barriers

Medical Devices, Supplies, and Pharmaceuticals

Industry continues to report delays of 18 months to 24 months for adjudication of sanitary registrations and import permit applications. Overall, the regulatory environment has shown minor improvements, but more structural changes need to be made to facilitate registration in Mexico. Although the Federal Commission for Protection Against Sanitary Risks (COFEPRIS) continues to work through its backlog, companies that try to register U.S. Health and Human Services Food and Drug Administration (FDA)-approved products in Mexico continue to report delays of more than a year. Regulatory delay remains a primary barrier to entering the Mexican market for medical devices and pharmaceuticals. COFEPRIS reportedly continues to be understaffed, with insufficient capacity to grant sanitary registrations and conduct factory inspections to issue good manufacturing practices certifications within the established timeframes. COFEPRIS is in the process of implementing reliance mechanisms for approvals and inspections and, as part of these efforts, continues to hold technical regulatory discussions with the FDA to identify opportunities to improve its review process.

Pesticides and Agricultural Chemicals

U.S. companies continue to report significant delays in receiving the necessary registration and marketing approvals from COFEPRIS for certain pesticides and agricultural chemicals. These delays appear to impact both applications for registration and applications for reregistration, sometimes involving only administrative updates such as changing the company's address. Companies report COFEPRIS is not granting registration renewals for many pesticide molecules. Consequently, some license holders have lost their registrations and the ability to import pesticides and agricultural chemicals. In late 2025, Mexico issued several new measures intended to simplify the registration and approval process for certain agricultural chemicals. The United States will continue to monitor the implementation of these new measures to ensure U.S. companies' concerns are addressed.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Implementing Regulation for the Quality Infrastructure Law

In August 2024, Mexico published a draft implementing regulation for the July 2020 Quality Infrastructure Law on the National Regulatory Improvement Commission's (CONAMER) website. In comments submitted to Mexico, the United States expressed serious disappointment with Mexico's decision to offer a period of only 10 business days to comment on the draft regulation. In addition, the United States emphasized concerns related to, and sought clarity on, how the regulation will impact matters including consideration of international standards and conformity assessment procedures in the development of Mexican technical regulations. U.S. industry has expressed concerns that the lack of a finalized implementing regulation has created a regulatory vacuum where standards development organizations cannot be formally recognized as standardization bodies in Mexico and therefore have not been able to carry out the formal procedures required to propose and publish harmonized standards. U.S. stakeholders also have expressed concerns that without these procedures in place, standards that have been harmonized with the rest of North America cannot be officially adopted as Mexican Official Standards (NOMs). The United States will continue closely monitoring the status of the draft regulation and urging Mexico to ensure the final measure is aligned with Mexico's USMCA obligations.

Local Specific Absorption Testing Requirements

In 2020, Mexico's former telecommunications regulator, the Federal Telecommunications Institute (IFT) published regulations that required in-country testing for Specific Absorption Rates (SARs) and referenced out-of-date standards from the International Electrochemical Commission/Institute of Electrical and Electronics Engineers and the International Commission on Non-Ionizing Radiation Protection. The requirements included duplicative testing and caused delays, because Mexico has a limited number of accredited facilities able to perform the required tests. After years of engagement, in October 2025, Mexico updated the scope of the [Mutual Recognition Agreement \(MRA\) between the Government of the United States of America and the Government of the United Mexican States for Conformity Assessment of Telecommunications Equipment](#) to cover the SARs regulation, which addresses the concerning in-country testing requirements. Mexico also included two additional regulations within the scope of the MRA. The United States will continue to work with Mexico, including its new telecommunications regulator (Telecommunications Regulatory Commission [CRT]), to ensure that U.S. conformity assessment bodies are designated to test telecommunications equipment to this regulation.

Standards for Rail Safety Traffic Systems

In May 2024, Mexico published three new proposed standards requiring the use of European standards, instead of international or North American standards, for signaling, dispatch systems, and electrical subsystems for passenger rail. Operators must comply to avoid regulatory penalties, reinforcing the binding nature of standards for railway safety. U.S. stakeholders have expressed concerns that Mexico's adoption of European standards may create obstacles to future integration of new and existing rail lines—and therefore economic activity, in the broader North American system. In July 2025, a U.S. railcar manufacturer confirmed that it sold freight locomotives to the Tren Maya project that comply with U.S. standards and that an integrator would be responsible for integrating it to the European system. In October 2025, Mexico's Regulatory Agency for Railway Transport published a public tender on Mexico's digital public procurement platform (Compras MX) for passenger railcars specifically requiring the European standards.

Good Manufacturing Practices for Medical Devices

In 2025, Mexico finalized Mexican Official Standard, NOM-241-SSA1-2025: Good Manufacturing Practices for Medical Devices (NOM-241). The measure only partially recognizes international standard ISO 13485 for requirements related to quality management systems of a medical device. Mexico also issued accompanying guidelines that state that it will recognize compliance through certain equivalence documents, including ISO 13485 and Medical Device Single Audit Program (MDSAP) certificates, only for products intended for export out of Mexico. Although Mexico issued a binding policy statement to address the inconsistent policy in the accompanying guidelines, the United States continues to urge Mexico to amend NOM-241 to eliminate the ambiguity by clarifying that Mexico fully recognizes MDSAP and ISO 13485 certificates for compliant medical devices, regardless of the intended market. As a positive step, Mexico included NOM-241 in its 2026 National Quality Infrastructure Program, published in February 2026, signifying its intent to amend NOM-241 in the coming year.

Sanitary and Phytosanitary Barriers

Fresh Potatoes

Since 2003, the United States has sought access for fresh potatoes to all of Mexico, beyond a 26-kilometer zone along the U.S.–Mexico border outside of which imports were not permitted. In April 2021, the Supreme Court of Mexico affirmed the authority of Mexico's regulatory agency to expand access for U.S. fresh potatoes. Subsequently, in 2021, Mexico completed the regulatory steps necessary for access for U.S. fresh potatoes to cities with populations over 100,000 people. In May 2022, the United States began shipping fresh potatoes to Mexico beyond the 26-kilometer zone. The U.S. potato industry has raised concerns with the Mexican potato industry's attempts to restrict access. The United States is monitoring the situation to ensure transparent and predictable access for U.S. exporters and that requirements are based on science.

Products of Agricultural Biotechnology

Mexico's Biosafety Law requires COFEPRIS to decide on a complete application for authorization covering the importation and sale of genetically engineered (GE) products within six months of receipt. The United States has expressed serious concerns that certain decisions on applications were subject to significant delays.

On February 13, 2023, the Mexican Government published a decree that banned the use of GE corn in tortillas and dough and instructed Mexican Government agencies to gradually substitute—*i.e.*, restrict and

eventually ban—the use of GE corn in all products for human consumption and for animal feed. On August 17, 2023, the United States established a USMCA dispute settlement panel challenging the aforementioned measures reflected in Mexico’s February 13, 2023 decree on the basis that these measures were not based on science and undermined the market access Mexico agreed to provide in the USMCA. In December 2024, a final panel report was published, in which the panel agreed with all the U.S. legal claims under the USMCA. On February 5, 2025, Mexico published a measure declaring ineffective the measures that the United States successfully challenged in the USMCA dispute. The United States will continue to closely monitor 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.

GOVERNMENT PROCUREMENT

Mexico is not a Party to the WTO Agreement on Government Procurement (GPA) nor an observer to the WTO Committee on Government Procurement. Mexico has binding international procurement obligations under the USMCA.

Medical Procurement Requirements

As of January 1, 2026, Mexican procurement authorities will award additional points in the procurement process to suppliers that (i) invest in Mexico’s domestic production chain of medicines, health supplies, and medical devices, (ii) install related infrastructure (factories, laboratories, warehouses) in Mexico, or (iii) develop scientific research or innovative products in Mexico. This potentially disadvantages U.S. healthcare companies, and the United States will continue to closely monitor implementation of this measure to ensure it is aligned with Mexico’s USMCA government procurement commitments.

INTELLECTUAL PROPERTY PROTECTION

Mexico was listed on the Priority Watch List in the [2025 Special 301 Report](#). Obstacles to U.S. trade in intellectual property (IP) intensive goods and services include the wide availability of pirated and counterfeit goods, via both physical and online markets. As broadband access increases so has online piracy, and stakeholders report that Mexico has one of the highest rates of music and video game piracy in the world. Overall criminal enforcement of IP rights, including online, continues to be characterized by weak coordination among federal, state, and municipal officials; limited resources for prosecutions; the lack of sustained investigations targeting suppliers of counterfeit and pirated goods and services; and the lack of sufficient penalties to deter violations. Brand owners also face bad faith trademark registrations, making it important for companies to register their trademarks early. Moreover, right holders continue to express concern about the length of administrative and judicial patent and trademark infringement proceedings and the persistence of continuing infringement while cases remain pending. Although Mexican authorities have conducted some IP enforcement raids against markets across Mexico, the markets of Tepito in Mexico City and Mercado San Juan de Dios and Barrio El Santuario in Guadalajara continue to flourish and are listed in the [2025 Review of Notorious Markets for Counterfeiting and Piracy](#) (Notorious Markets List) for selling pirated and counterfeit goods.

With respect to geographical indications (GIs), Mexico and the European Union (EU) concluded negotiations on a free trade agreement in which Mexico agreed to protect hundreds of names for foodstuffs, wines, and beers. The United States remains concerned about the EU practice of negotiating product-specific IP outcomes as a condition of market access and reiterates the importance of each individual IP right being evaluated on its individual merit in Mexico. In a USMCA side letter, Mexico confirmed that market access of U.S. products is not restricted in Mexico due to the mere use of certain individual cheese

terms. Mexico has a *sui generis* system of protection for GIs that includes certain elements aimed at improving and respecting due process and transparency.

In 2020, Mexico enacted a new Federal Law for the Protection of Industrial Property and amended its Federal Copyright Law and Federal Criminal Code with a view to complying with various provisions of the USMCA and strengthening IP protection. Mexico is still in the process of drafting regulations for both the Federal Law for the Protection of Industrial Property and the Federal Copyright Law amendments, and the lack of regulations is creating uncertainty for the creative and innovative sectors looking to protect and enforce their IP.

SERVICES BARRIERS

Electronic Payment Services

The United States continues to closely monitor Mexico's implementation of its USMCA commitments related to cross-border trade in electronic payment services (EPS). Mexico's existing policy framework limits the ability of U.S. EPS suppliers to provide their complete suite of value-added services on a cross-border basis, including fraud protection, and differentiate themselves in the marketplace. On September 14, 2023, Mexico's competition authority at the time, the Federal Economic Competition Commission (COFECE), identified barriers to competition in the card payment processing market and issued recommendations to Mexico's Central Bank (Banxico) and the National Commission for Banking and Securities (CNBV) to restore conditions for competition. These recommendations have not been implemented.

On October 24, 2025, the CNBV and Banxico published draft regulations on card payment networks and on December 30, 2025, Banxico published draft clearinghouse regulations for public consultation. These draft regulations did not resolve the barriers that COFECE identified nor did they respond to U.S. stakeholder input regarding impediments to U.S. EPS suppliers in processing domestic transactions cross border using their own proprietary networks and utilizing their own technical standards. On February 11, 2026, CNBV withdrew the draft regulations on card payment networks to "conduct thorough and in-depth market analysis" and to consider comments provided during the public consultation period. Banxico did not withdraw the draft clearinghouse regulations. To resolve this issue, Mexico should further revise the draft regulations on card payment networks and clearinghouses before finalizing the regulations. The United States continues to urge Mexico to facilitate a competitive market for U.S. electronic payment service suppliers.

CNBV and Banxico issued regulations in 2021 relating to the use of cloud service suppliers by electronic payment fund institutions. The United States continues to be concerned by the length, complexity, and uncertainty of the approval process for electronic payment fund institutions that seek to use secure, U.S.-based cloud computing services, raising questions about the extent to which the approvals are tacitly being conditioned on using local computing facilities.

Telecommunications Services

Notwithstanding Mexico's reforms to its telecommunications sector in 2013 and 2014, new market participants must still compete with the traditional dominant supplier, which Mexico's Federal Telecommunications Institute (IFT), the former telecommunications regulator, had designated as a "preponderant economic agent." On October 17, 2025, Mexico eliminated the IFT and established the Telecommunications Regulatory Commission (CRT) as the country's telecommunications regulator. The CRT is an administrative body within Mexico's new Digital Transformation and Telecommunications

Agency (ATDT) under the Executive Branch. It is important that the new CRT continue to enforce existing asymmetric measures and take necessary additional action to address the dominant supplier's status as a preponderant economic agent and promote competition in the telecommunications sector in Mexico. In addition, whereas the IFT was an autonomous entity in the Mexican regulatory system, the CRT is part of the ATDT, situated within the Executive Branch. The United States will be closely monitoring the CRT to ensure that it remains independent and does not discriminate in favor of Mexico's state-owned enterprises operating in the telecommunications sector.

The cost of spectrum in Mexico is one of the highest in Latin America. Although Mexico assigns spectrum licenses through competitive auctions, it imposes a substantial annual fee based on the amount of spectrum held by each licensee. This approach is out of sync with international best practices. The structure of Mexico's annual spectrum fee may advantage the dominant supplier and led another supplier to return all of its awarded spectrum to the Mexican Government. The Mexican Government dismissed several proposals from the IFT and the private sector to lower spectrum costs. The United States continues to press Mexico to consider changes to its rules that would lower overall costs for spectrum and address the market power of the dominant supplier.

INVESTMENT BARRIERS

Energy Sector

Mexican energy policy is centered on reinstating the primacy of its state-owned electric utility, Federal Electricity Commission (CFE), and state-owned oil and gas company, Mexican Petroleum (PEMEX). Since 2018, Mexico has undertaken many measures to achieve this aim, culminating in the October 2024 ratification of a constitutional amendment to reclassify CFE and PEMEX as "public enterprises" rather than "productive enterprises" in order to limit the participation of private companies in Mexico's energy market. In March 2025, Mexico published a reform package of new energy laws implementing this constitutional amendment and other measures, which include as a principle a guarantee of CFE's prevalence and its maintenance of at least 54 percent of the average electricity sent to the grid, require CFE ownership of at least 54 percent in any "mixed investment" electricity generation projects, and set out a preference for CFE over private entities in electricity generation and marketing.

Additionally, private companies operating in Mexico are often unable to participate effectively, if at all, in Mexico's energy sector due to frequent delays, unexplained or unjustified rejections, and inaction regarding applications for new permits or permit modifications. Unexplained or unjustified suspensions or revocations of existing permits, as well as other impediments, undermine private companies' ability to operate energy facilities, import or export electricity or fuel, store or transload fuel, and build or operate retail fuel stations. In 2025, Mexico disbanded its energy regulatory agency and established a new agency—the National Energy Commission (CNE)—under the supervision of SENER, further centralizing decision-making authority under SENER.

Moreover, in October 2025, Mexico published implementing regulations for the Hydrocarbons Sector Law that prohibit certain fuel transloading activities, which decreases logistical flexibility and increases operating costs for U.S. companies, unfairly favoring PEMEX. Changes to the regulations also impose new restrictions for fuel permits, reduce the term for new import permits from 20 years to five years, and reduce the term for commercialization permits from 30 years to 2 years. These regulatory changes do not apply to PEMEX. U.S. stakeholders have also raised concerns about draft regulations previewed in December 2025 that would have placed restrictions on the ability of independent power producers to sell their output and granted CFE the option to acquire the assets at no cost. The status of the proposed rules

remains unclear, and the United States continues to closely monitor ongoing developments on potential reforms.

Over the last two years, U.S. companies supplying the Mexican oil and gas sector have reported an unprecedented challenge with receiving payment from PEMEX for services rendered. As of December 31, 2025, while some U.S. companies have received full or partial payment, others continue to report overdue payments that total over \$2.5 billion.

Mining Sector

The Mexican Government passed legislation in April 2022 amending the national mining law to establish greater state control over the country's lithium resources. The amendments place the exploration, exploitation, and utilization of Mexico's lithium under the exclusive control of a state-owned company, LitioMx, and exclude private companies from concessions, licenses, contracts, permits, and authorizations to undertake those activities. The amendments also authorize the government to declare other minerals as "strategic resources" that would allow greater state control in the future. As of December 31, 2025, the Mexican Government was still drafting implementing measures for the amendments.

Restricted Sectors

Mexico restricts foreign investment in certain sectors under the Foreign Investment Law. Certain sectors, such as transportation infrastructure, are entirely closed to foreign investment. Foreign ownership is capped at 49 percent for express delivery companies and land for agricultural, livestock, and forestry purposes, as well as for port administration services.

OTHER NON-MARKET POLICIES AND PRACTICES

Mexico does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Mexican markets from distortions and ensure a fair and secure trading relationship. Mexico has not yet made sufficient commitments to address distortions caused by such NMPPs but continues to work on this issue, including in the USMCA Joint Review.

However, Mexico has taken certain limited actions to address NMPPs. For example, on January 1, 2026, Mexico imposed tariffs of up to 50 percent on a list of 1,465 products from countries with which it does not have a free trade agreement. Mexico also participates in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Mexico's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. Mexico adopted a measure intended to stop the importation of products produced using forced labor ("Agreement establishing the goods whose importation is subject to regulation by the Ministry of Labor and Social Welfare" of February 17, 2023). However, it does not appear that Mexico is effectively enforcing its forced labor import prohibition, meaning goods made with forced labor may be able to enter and compete in Mexico's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from Mexico an unfair advantage.

In addition, U.S. Department of Homeland Security Customs and Border Protection (CBP) maintains two active Withhold Release Orders (WROs) against Mexican entities. On January 29, 2026, CBP issued a WRO against coffee produced in Mexico by Finca Monte Grande, based on information that reasonably indicates the use of forced labor. Since October 21, 2021, CBP has maintained a WRO against fresh tomatoes produced in Mexico by Agropecuarios Tom S.A. de C.V., Horticola Tom S.A. de C.V., and their subsidiaries based on information reasonably indicating the use of forced labor.

ENVIRONMENT

Illegal, Unreported, and Unregulated Fishing

Illegal, unreported, and unregulated (IUU) fishing by Mexican fishing vessels undermines conservation efforts, distort trade, and threaten the livelihoods of law-abiding U.S. fishers. Mexican fishing vessels, often linked to transnational criminal organizations, routinely cross into U.S. waters in the Gulf of America to harvest fish stocks that are regulated by the United States, including red snapper, grouper, and shark. This illegal activity not only depletes U.S. fish stocks and causes ecological harm but also depresses prices, and reduces returns for U.S. fishermen and seafood producers. Illegal fishing in the Upper Gulf of California significantly increases the risk of bycatch of the critically endangered vaquita porpoise and drives the black-market trade in totoaba swim bladders, which are known to be traded in exchange for fentanyl precursor chemicals.

In 2025, U.S. fish imports from Mexico totaled \$646.9 million, with \$60.2 million in snapper alone, yet illegal imports are often sold well below market value, further depressing the Gulf Coast red snapper market. Mexico's failure to deter IUU fishing in the U.S. Exclusive Economic Zone places U.S. industry at a competitive disadvantage and undermines certain environmental and trade commitments in the USMCA.

Illegal Logging and Associated Trade

Trade in illegally harvested timber puts U.S. companies that comply with environmental laws at an unfair disadvantage, funds transnational criminal organizations, and harms the environment and local communities. Illegal logging also depresses global wood prices, potentially further disadvantaging U.S. producers. Stakeholders have expressed concerns about illegally harvested timber from-or transported through-Mexico, driven by weak enforcement of environmental laws, a lack of effective and enforceable import controls, and widespread corruption. Mexico legally produces around one-third of the wood it consumes; the rest of its domestic demand is met by illegally harvested domestic timber or imports. Despite some progress under a voluntary state-led initiative in the leading avocado producing state of Michoacán to certify deforestation-free avocado orchards exporting to the United States, some avocado producers in Mexico have expanded avocado production to illegally deforested lands. Certain reports estimate that 30 percent to 70 percent of timber harvested in Mexico is of illegal origin.

MOLDOVA

TRADE SUMMARY

The U.S. goods trade deficit with Moldova was \$24.1 million in 2025, a 71.6 percent decrease (\$60.7 million) over 2024. U.S. goods exports to Moldova totaled \$76.2 million in 2025, up 48.1 percent (\$24.7 million) from 2024. U.S. goods imports from Moldova totaled \$100.2 million in 2025, down 26.4 percent (\$36.0 million) from 2024. Total U.S. goods trade (exports plus imports) with Moldova was an estimated \$176.4 million in 2025. Moldova was the 159th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Moldova was \$98 million in 2024 (latest data available), a 42 percent increase (\$29 million) over 2023. U.S. services exports to Moldova totaled \$179 million in 2024 (latest data available) up 7.6 percent (\$12 million) from 2023. U.S. services imports from Moldova totaled \$81 million in 2024 (latest data available) down 8 percent (\$7 million) from 2023. Total U.S. services trade with Moldova was an estimated \$260 million in 2024 (latest data available). Moldova was the 130th largest U.S. services export market in 2024 (latest data available).

IMPORT POLICIES

Tariffs

Moldova has been a Member of the World Trade Organization (WTO) since 2001. Moldova's average Most-Favored-Nation (MFN) applied tariff rate was 5.4 percent in 2024 (latest data available). Moldova's average MFN applied tariff rate was 12.6 percent for agricultural products and 4.3 percent for non-agricultural products in 2024 (latest data available). Moldova has bound 100 percent of its tariff lines in the WTO, with an average WTO bound tariff rate of 6.9 percent.

Taxes

Value-Added Taxes

Moldova applies a standard value-added tax (VAT) rate of 20 percent, including U.S. exports to Moldova. It rebates VAT duties on exports, including exports to the United States. The VAT does not apply to imports valued at less than MDL 1.2 million (approximately \$68,965). On December 29, 2025, Moldova passed legislation to increase the floor to MDL 1.5 million (approximately \$86,210) which is effective January 1, 2026. There is pending legislation to further increase the rate in 2026.

There are exceptions, however, as some categories are subject to an 8 percent rate including for instance transport and distribution of natural gas services, heating, and local supplies of bakery products. Customs may assess excise taxes on certain goods. In addition, companies must pay customs processing fees, which are determined on a case-by-case basis and depend on the value and final destination of goods.

Non-Tariff Barriers

Moldova became a candidate country for European Union (EU) accession in 2022 and concluded an Association Agreement (AA) with the EU in 2014. The AA also includes provisions to establish a Deep and Comprehensive Free Trade Area (DCFTA) that allows Moldova access to the EU market with certain provisions. As a candidate for EU accession, Moldova is in the process of implementing most EU trade policies and regulations.

(For further information on the EU's non-tariff barriers, see the Non-Tariff Barriers subsection in the EU Chapter of this NTE Report.)

Customs Barriers and Trade Facilitation

Moldova ratified the WTO Trade Facilitation Agreement (TFA) in June 2016. Moldova has not yet submitted its transparency notification with details on the operation of its single window. The notification was due to the WTO on December 31, 2025, according to Moldova's self-designated TFA implementation schedule.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Moldova became a candidate country for European Union (EU) accession in 2022 and concluded an Association Agreement (AA) with the EU in 2014. The AA also includes provisions to establish a Deep and Comprehensive Free Trade Area (DCFTA) that allows Moldova access to the EU market with certain provisions. As a candidate for EU accession, Moldova is in the process of implementing most EU trade policies and regulations.

Technical Barriers to Trade

Since its WTO accession in 2001 and as an EU candidate country, Moldova passed laws to align with its WTO commitments and EU integration, respectively. This includes efforts to harmonize its system with European standards including through the adoption of EU standards (CEN/CENELEC). In 2026, Moldova is expected to fully adopt EU standards.

(For further information on the EU's technical barriers to trade, see the Technical Barriers to Trade subsection in the EU Chapter of this NTE Report.)

Sanitary and Phytosanitary Barriers

Moldova has a *de facto* ban on U.S. beef and beef products due to its restrictive certification requirements. Moldova's certification requirements have been harmonized with those of the EU, which has resulted in a reversal of its longstanding acceptance of the U.S. Department of Agriculture's certificate.

Meat importers also note that the National Food Safety Agency applies stricter requirements to imported meat products than to local producers. Importers assert that imported meat products are often subject to additional laboratory testing despite being accompanied by a conformity certificate.

(For further information on the EU's sanitary and phytosanitary barriers, see the Sanitary and Phytosanitary Barriers subsection in the EU Chapter of this NTE Report.)

GOVERNMENT PROCUREMENT

U.S. companies have indicated that Moldova's procurement practices are at times not transparent, and there is often a short timeframe allowed for preparing bids. Documentation requirements, including translation into Romanian, can be onerous for companies not based in Moldova.

Moldova is a Party to the WTO Agreement on Government Procurement (GPA).

STATE-OWNED ENTERPRISES

While most sectors of the economy are private, Moldova still has full or partial control over some enterprises. This includes electricity grids, heating companies, telephone operators, and the railway company. Moldova has a strategy to establish uniform rules and to transform the state-owned enterprises into joint stock or limited liability companies by 2030. The strategy would align Moldova with the Organization for Economic Cooperation and Development guidelines on state-owned enterprises.

OTHER NON-MARKET POLICIES AND PRACTICES

Moldova does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Moldovan markets from distortions and ensure a fair and secure trading relationship. Moldova has not entered into an Agreement on Reciprocal Trade that includes commitments to address distortions caused by such NMPPs. Moldova does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Moldova's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. Moldova does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Moldova's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Moldova an unfair advantage.

OTHER BARRIERS

Corruption and Transparency

Corruption remains a major issue in Moldova. However, Moldova has taken steps to combat corruption and organized crime in order to align with EU and international standards.

MOROCCO

TRADE SUMMARY

The U.S. goods trade surplus with Morocco was \$3.7 billion in 2025, a 7.7 percent increase (\$259.8 million) over 2024. U.S. goods exports to Morocco totaled \$5.5 billion in 2025, up 4.2 percent (\$219.8 million) from 2024. U.S. goods imports from Morocco totaled \$1.9 billion in 2025, down 2.1 percent (\$40.0 million) from 2024. Total U.S. goods trade (exports plus imports) with Morocco was an estimated \$7.4 billion in 2025. Morocco was the 46th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Morocco was \$125 million in 2025, a 20.9 percent decrease (\$33 million) over 2024. U.S. services exports to Morocco totaled \$1.2 billion in 2025, up 10.5 percent (\$112 million) from 2024. U.S. services imports from Morocco totaled \$1.1 billion in 2025, up 16.2 percent (\$146 million) from 2024. Total U.S. services trade with Morocco was an estimated \$2.2 billion in 2025. Morocco was the 72nd largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Morocco Free Trade Agreement

The United States–Morocco Free Trade Agreement (USMFTA) entered into force on January 1, 2006. Morocco immediately eliminated duties on 95 percent of industrial and consumer goods. Morocco implemented phased tariff reductions culminating in the complete elimination of duties on most goods by 2016. Some sensitive agricultural products have longer periods for duty elimination and may be subject to other provisions, including tariff-rate quotas (TRQs). Duties outside the TRQs for these products can be as high as 200 percent. Goods from key U.S. export sectors such as information technology, machinery, construction equipment, chemicals, and textiles receive either duty-free or other preferential duty treatment when entering Morocco. The United States and Morocco consult regularly to review the implementation and functioning of the Agreement and to address outstanding issues. The United States–Morocco Joint Committee is the central oversight body for the USMFTA.

IMPORT POLICIES

Tariffs

On January 1, 2025 as prescribed in the USMFTA, Morocco published Circular 6519/222, announcing tariff changes for calendar year 2025. The circular includes a list of products for which tariffs have been phased out in 2025, products for which tariffs are not yet fully liberalized, and updated agricultural TRQs and agricultural safeguard measures for the period from January 1 through December 31, 2025. A notable change includes the imposition of additional safeguard measures on frozen, fresh, or chilled chicken legs and wings.

Taxes

Value-Added Taxes

Morocco applies a standard value-added tax (VAT) rate of 20 percent to imported goods and services, including U.S. exports to Morocco. Morocco rebates VAT duties on exports, including exports to the United States.

TECHNICAL BARRIERS TO TRADE/ SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

In 2023, Morocco adopted Decree No. 2.10.421 of Ramadan 5, 1445, which stipulates that starting in January 2024, vehicles that are not aligned with the Euro 6b standard for emissions may no longer be registered in the country. Heavy vehicles have an additional 24 months to comply. Morocco generally only allows the importation of automobiles meeting the United Nations Economic Commission for Europe (UNECE) 1958 Agreement vehicle standards, effectively barring many automobiles produced in the United States from entering the Moroccan market. Although the Moroccan Government has officially allowed for the importation of automobiles that meet the U.S. Federal Motor Vehicle Safety Standards since 2016 (under Decree No. 2-15-89 of Ramadan 3, 1437), U.S. companies continue to report that Moroccan Customs has still not adopted a procedure to regularize this process.

Sanitary and Phytosanitary Barriers

In October 2022, Morocco's National Office of Food Safety (ONSSA) implemented a health requirement for non-animal origin feed to originate from areas free of Highly Pathogenic Avian Influenza (HPAI) or be quarantined for 30 days upon arrival. Morocco did not notify this requirement to the World Trade Organization. The U.S. Department of Agriculture Animal and Plant Health Inspection Service has repeatedly conveyed various risk assessments to ONSSA to demonstrate that the risk of spreading HPAI via grain shipments is unlikely or negligible. Nevertheless, Morocco continues to require an attestation by the relevant government competent authority that non-animal origin feed is free of HPAI or has been isolated for 30 days. On December 31, 2025, Morocco issued a decree that amended the quarantine requirement to a 30-day period that starts upon departure of non-animal origin feed from port of origin, decreasing the time the commodity would need to be held in storage upon arrival in Morocco. The United States remains concerned as Morocco has not shared a risk assessment to support its requirement for health attestations and quarantine.

INTELLECTUAL PROPERTY PROTECTION

Inadequate intellectual property protection and enforcement in Morocco continues to be an area of concern. Although the United States acknowledges the efforts of Morocco to combat piracy and trade in counterfeit goods, Morocco faces challenges with digital piracy and continues to be a thriving market for counterfeit products.

The United States remains concerned that the European Union (EU) has pursued negotiations with Morocco and other countries that would require partner countries to adopt overly broad protection of EU geographical indications (GIs) as a condition of market access into the EU. The United States continues to reiterate to Morocco the importance of each GI being independently evaluated on its individual merits with adequate due process requirements.

SERVICES BARRIERS

Although Morocco's insurance regulations do not appear to make formal distinctions on the basis of national origin, U.S. insurance suppliers have reported that, in practice, the Moroccan regulatory body (part of the Ministry of Economy and Finance) applies an authorization process that has impeded U.S. insurance companies from introducing products that compete with Moroccan firms.

Cross-Border Transfers of Personal Data

Morocco's Law No. 09-08 on the Protection of Individuals with Regard to the Processing of Personal Data imposes restrictions on cross-border data transfers that disadvantage U.S. companies without meaningfully enhancing privacy. The law prohibits the transfer of personal data to a foreign jurisdiction unless the Moroccan National Commission for the Control of Personal Data Protection (CNDP) issues a determination that the jurisdiction ensures an adequate level of protection for the privacy and fundamental rights and freedoms of individuals with regard to the processing of the data. Because CNDP has not recognized the United States as providing an adequate level of protection, U.S. companies can only carry out transfers under limited conditions, such as with prior written authorization from the CNDP for every international data transfer. In practice, U.S. industry has found that the CNDP also often requires companies to provide explicit consent from data subjects or sign rigorous contracts. These administrative hurdles and the lack of pre-approved mechanisms like Standard Contractual Clauses create significant delays and burdensome compliance costs for U.S. companies to facilitate international data transfers.

OTHER NON-MARKET POLICIES AND PRACTICES

Morocco does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Moroccan markets from distortions and ensure a fair and secure trading relationship. Morocco has not entered into an Agreement on Reciprocal Trade that includes commitments to address distortions caused by such NMPPs. Morocco does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Morocco's law regarding the protection of internationally recognized labor rights, including with respect to freedom of association and the effective recognition of the right to collective bargaining and the elimination of discrimination in respect of employment and occupation. The United States also has concerns with respect to labor law enforcement. Morocco does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Morocco's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Morocco an unfair advantage.

OTHER BARRIERS

U.S. firms have cited irregularities with regard to certain government procedures, including a lack of clear and accessible information about new regulations and certifications relating to imports into the country, as among the greatest obstacles to investing in Morocco. In particular, U.S. companies have pointed to difficulties they encounter in processes for obtaining import permits, land use approvals, and other government permissions. U.S. companies have also noted the challenges created by rigid protocols and excessive bureaucracy, which can lead to long wait times for decisions and permissions particularly when dealing with public sector entities. Morocco's property registration procedures also continue to impede doing business in Morocco.

In an effort to avoid an excessive drain on foreign exchange, Moroccan authorities allow Moroccan companies to prepay only up to 30 percent of a shipment's total value in advance of importation. These restrictions on purchasers are often problematic for U.S. exporters that require 100 percent advance payment. Some U.S. exporters use letters of credit to mitigate the effect of these limitations, but these are

costly and many U.S. exporters report lengthy payment delays. While Moroccan officials had indicated in 2019 that the 30 percent limit would be phased out over an indefinite timeline, it remained in effect as of December 31, 2025. The United States continues to press for removal of the limitation.

NEW ZEALAND

TRADE SUMMARY

The U.S. goods trade deficit with New Zealand was \$1.5 billion in 2025, a 31.9 percent increase (\$357.7 million) over 2024. U.S. goods exports to New Zealand totaled \$4.1 billion in 2025, down 8.5 percent (\$383.1 million) from 2024. U.S. goods imports from New Zealand totaled \$5.6 billion in 2025, down 0.5 percent (\$25.4 million) from 2024. Total U.S. goods trade (exports plus imports) with New Zealand was an estimated \$9.7 billion in 2025. New Zealand was the 54th largest U.S. goods export market in 2025.

The U.S. services trade surplus with New Zealand was \$1.0 billion in 2025, a 13.1 percent increase (\$120 million) over 2024. U.S. services exports to New Zealand totaled \$4.0 billion in 2025, up 8.0 percent (\$298 million) from 2024. U.S. services imports from New Zealand totaled \$3.0 billion in 2025, up 6.4 percent (\$178 million) from 2024. Total U.S. services trade with New Zealand was an estimated \$7.0 billion in 2025. New Zealand was the 37th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–New Zealand Trade and Investment Framework Agreement

The United States and New Zealand signed a Trade and Investment Framework Agreement (TIFA) on October 2, 1992. The TIFA is the primary mechanism for discussions of trade and investment issues between the United States and New Zealand.

IMPORT POLICIES

Tariffs

New Zealand's average most-favored-nation (MFN) applied tariff rate was 1.9 percent in 2024 (latest data available). New Zealand's average MFN applied tariff rate was 1.4 percent for agricultural products and 2.0 percent for non-agricultural products in 2024 (latest data available). New Zealand has bound 100 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 9.5 percent.

As of 2025, New Zealand applied a zero percent duty on an MFN basis on 65.6 percent of its tariff lines in agricultural goods and on 59.0 percent of its tariff lines in non-agricultural goods.

Taxes

Value Added Taxes

New Zealand applies a standard goods services tax (GST) rate of 15 percent to most goods and services, including imports from the United States. The GST is based on domestic consumption; therefore, it is applied to domestic and imported goods and services that are consumed in New Zealand. New Zealand applies a GST of zero percent for goods and services that are exported from New Zealand.

New Zealand also exempts or applies a zero percent GST to certain financial services, such as loans, paying of interest, bank fees, and financial intermediation services. Additionally, domestic and foreign businesses

that have less than NZD \$60,000 (approximately \$35,294) in sales in New Zealand are not required to register for or charge GST.

SANITARY AND PHYTOSANITARY BARRIERS

Animal Health

New Zealand maintains restrictions on imports of pork from the United States related to concerns that certain pork products may transmit animal diseases. These restrictions do not appear to be grounded in science and risk. Imports of U.S. frozen or chilled pork products weighing more than three kilograms must be cooked, canned, or undergo further processing within New Zealand.

INTELLECTUAL PROPERTY PROTECTION

The United States continues to monitor developments to amend the Medicines Act 1981 and any developments regarding the Geographical Indications (Wine and Spirits) Registration Act 2006, particularly in light of the entry into force of the free trade agreement between the European Union and New Zealand in May 2024. The United States continues to work with New Zealand to address any intellectual property issues.

SERVICES BARRIERS

Audiovisual Services

In February 2025, the New Zealand Ministry for Culture and Heritage published for public consultation proposed reforms to New Zealand's media legislation. These reforms included a proposal to impose investment and discoverability requirements regarding local content on streaming platforms and TV broadcasters, among other proposals; the consultation period closed in March 2025. Any proposals that are accepted by the New Zealand Cabinet would require legislation to implement, and no such legislation has been introduced as of December 31, 2025. The United States continues to monitor this issue.

Other Digitally-Enabled Services and Digital Products

News Media Bargaining Code

In 2023, New Zealand introduced the Fair Digital News Bargaining Bill, aimed at regulating content remuneration between news publishers and digital platforms. The bill would require a digital platform to enter mandatory negotiations with New Zealand news publishers when the platform makes the publisher's news content available and a "bargaining power imbalance" exists between the platform and the news media entity. In December 2024, the government announced the bill had been placed on hold to observe how Australia implemented similar legislation. The United States continues to monitor this issue to ensure that U.S. companies are not unfairly targeted.

OTHER MARKET-DISTORTING PRACTICES

New Zealand does not impose sufficient measures against market-distorting practices in order to insulate the U.S. and New Zealand markets from these distortions and ensure a fair and secure trading relationship. New Zealand has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address these distortions. New Zealand does not participate in the Global Forum on Steel

Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

New Zealand does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in New Zealand's market. This issue may artificially suppress costs, including labor costs, which may certain goods from and within New Zealand an unfair advantage.

OTHER BARRIERS

Pharmaceuticals

The Pharmaceutical Management Agency (PHARMAC) determines which medicines to fund for use in community and public hospitals, negotiates prices with pharmaceutical companies, manages the national contracting of hospital medical devices, and sets subsidy levels and reimbursement criteria. Some U.S. stakeholders have expressed concern about aspects of PHARMAC's regulatory process, including lack of transparency, timeliness, and predictability in the funding process and lengthy delays in reimbursing new products.

NICARAGUA

TRADE SUMMARY

The U.S. goods trade deficit with Nicaragua was \$2.5 billion in 2025, a 34.8 percent increase (\$651.9 million) over 2024. U.S. goods exports to Nicaragua totaled \$2.4 billion in 2025, down 11.3 percent (\$311.5 million) from 2024. U.S. goods imports from Nicaragua totaled \$5.0 billion in 2025, up 7.4 percent (\$340.4 million) from 2024. Total U.S. goods trade (exports plus imports) with Nicaragua was an estimated \$7.4 billion in 2025. Nicaragua was the 65th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Nicaragua was \$66 million in 2025, a 61.8 percent decrease (\$107 million) over 2024. U.S. services exports to Nicaragua totaled \$647 million in 2025, down 11.1 percent (\$81 million) from 2024. U.S. services imports from Nicaragua totaled \$581 million in 2025, up 4.7 percent (\$26 million) from 2024. Total U.S. services trade with Nicaragua was an estimated \$1.2 billion in 2025. Nicaragua was the 82nd largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

Dominican Republic–Central America–United States Free Trade Agreement

The Dominican Republic–Central America–United States Free Trade Agreement (CAFTA–DR) entered into force for the United States and El Salvador on March 1, 2006, for Honduras and Nicaragua on April 1, 2006, for Guatemala on July 1, 2006, for the Dominican Republic on March 1, 2007, and for Costa Rica on January 1, 2009. The United States and the other CAFTA–DR countries meet regularly to review the implementation and functioning of the Agreement and to address outstanding issues.

IMPORT POLICIES

Tariffs

As a member of the Central American Common Market, Nicaragua applies a harmonized external tariff on most items (approximately 95 percent of Nicaragua’s tariff lines) at a maximum of 15 percent, with some exceptions. However, under the CAFTA–DR, as of January 1, 2015, U.S. non-agricultural goods enter Nicaragua duty free.

In addition, nearly all U.S. agricultural exports enter Nicaragua duty free under the CAFTA–DR. Nicaragua eliminated tariffs on U.S. dairy products on January 1, 2025. For certain agricultural products, tariff-rate quotas (TRQs) permit duty-free access for specified quantities during the tariff phase-out period, with the duty-free amount expanding during that period. Nicaragua completed its tariff phase-out for white corn on January 1, 2025, through the expansion of its TRQ to 7,000 metric tons. Nicaragua is required under the CAFTA–DR to make TRQs available on January 1 of each year. Nicaragua monitors its TRQs through an import licensing system, which the United States carefully tracks to ensure the timely issuance of these permits.

Taxes

The Nicaraguan Government levies a selective consumption tax of 15 percent to 42 percent on certain items considered to be non-essential or luxury items. Since 2019, Nicaraguan customs officials have calculated this tax using an estimated purchase price that is often inflated beyond the actual price or fair market value

of these items. As a result, these imported goods are less cost-competitive in the Nicaraguan market. Other products, such as alcoholic beverages, are also taxed based on the basis of a presumed purchase price. The selective consumption tax disadvantages foreign suppliers because the Nicaraguan tax authorities assess tax on domestic products the actual purchase price. The National Institute of Information and Development has provided a schedule of retail prices that is supposed to serve as a baseline for this tax, but businesses report that customs authorities often do not use the schedule. In addition, some large businesses report being unable to secure corporate tax refunds when the sum of their monthly estimated tax payments exceeds the amount of actual tax owed at the end of the year. Some companies have also stated that filing for a refund has resulted in additional tax complications, including arbitrary fines, increased tax audits by multiple government entities (including municipal tax authorities), added taxes, and penalties.

Value-Added Taxes

Nicaragua applies a standard value-added tax (VAT) rate of 15 percent to most goods and services, including U.S. exports to Nicaragua.

There are exceptions, however for certain items, such as basic foodstuffs, medicines, agricultural inputs, and books are exempt from VAT.

Non-Tariff Barriers

Customs Barriers and Trade Facilitation

The Nicaraguan Customs Authority (DGA) has become increasingly aggressive in contesting declared value and the originating status of imports. This can result in importers having to pay substantial sums in unpaid duties and associated fines for shipments to be released. Businesses report that Nicaraguan customs officials routinely delay customs inspections and levy arbitrary fines for minor paperwork problems such as typographical errors. These fines can exceed the value of the shipments. U.S. exporters report that nearly all shipments are subject to physical inspection. Some businesses have expressed concern that customs officials might target shipments for additional scrutiny as a result of political considerations.

Starting in 2019, the DGA began seeking additional proof of country of origin for various types of products that had previously been established as originating under the CAFTA–DR, by requiring importers to complete a comprehensive questionnaire seeking detailed information about the products. Multiple businesses have reported that the requested information includes proprietary business data and trade secrets that are not pertinent to a rule of origin determination. Businesses have tried to provide proof of origin to the DGA without divulging trade secrets by offering site visits to production plants and staff interviews. However, the DGA has most often rejected those proposals and, in multiple cases when importers failed to complete the questionnaire, has initiated administrative processes to deny the CAFTA–DR preference and has imposed retroactive tariffs for entire periods during which the product was imported with preferential treatment. The DGA’s unreasonable scrutiny of the origin of imports from the United States has led to delays at customs and arbitrary fines for businesses. In multiple cases, the DGA also levied a separate fine that doubled the amount owed. Some importers have indicated that they prefer to immediately pay taxes and tariffs as though the goods were not eligible for preferential treatment under the CAFTA–DR, rather than engaging in lengthy and expensive litigation.

U.S. exporters have reported that the DGA has ignored or rejected documentation of origin provided by U.S. Government or local government agencies as proof of origin for many agricultural commodities. The businesses contend that, in many cases, even fully completing the additional questionnaires and complying with the DGA’s requests for additional documentation has not resulted in approval of a claim for preferential treatment.

During 2025, food product importers have expressed concerns regarding internal regulations implemented by the Nicaraguan Ministry of Health, which create burdensome new documentation requirements and make it difficult to obtain an import permit. Importers must submit original commercial invoices to apply for import permits rather than proforma invoices, which effectively forces importers to purchase goods before securing the necessary import permit.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

U.S. industry has raised concerns that food product registration in Nicaragua can be complicated and arbitrary. The Nicaraguan Ministry of Health requires a Certificate of Free Sale for product registration. The United States does not issue these certificates for conventional foods at the national level, and they are not uniformly available to U.S. exporters. In some cases, U.S. companies have satisfied the requirement by submitting documents that are issued by some U.S. states, local government authorities, or trade organizations. However, not all U.S. manufacturers are in jurisdictions or affiliated with institutions that issue such documents and, therefore, some cannot gain approval to sell in the Nicaraguan market. In

U.S. food companies have expressed concern regarding Law 842 (2013), which requires that all processed food products be marked with an expiration date. Nicaraguan officials have at times interpreted “Best By” dates, which indicate food quality or freshness rather than food safety, as expiration dates, and have destroyed products exceeding those dates. Nicaraguan importers of U.S. products have complained that the law imposes costs on food importers, especially for products that do not typically have expiration dates. Nicaraguan importers continue to work with suppliers to include expiration dates on the translated Spanish label as required by the Central American Technical Regulation on General Labeling of Prepackaged Food Products (RTCA 67.01.07:10).

Sanitary and Phytosanitary Barriers

U.S. exporters have faced multiple container rejections since 2021 as a result of Nicaragua’s interpretation of a Central American Technical Regulation for fresh, chilled, and frozen meat (RTCA 67.04.50:17). Nicaragua is the only CAFTA–DR country that rejects shipments of chicken meat and pork due to its unique enforcement of the regulation, which includes low thresholds for *Salmonella*, generic *Escherichia coli* (*E. coli*), and *Staphylococcus aureus*, that do not appear to be justified by science or risk. Most of the shipments rejected by Nicaragua have been successfully returned to the United States and passed subsequent food safety inspections by U.S. regulators. The U.S. Government continues to engage with Nicaragua’s Agricultural Health Agency to clarify the current microbiological standards to pork and poultry imports.

GOVERNMENT PROCUREMENT

Suppliers have reported significant hurdles that have inhibited their ability to successfully compete for sales to Nicaraguan Government entities. Industry reports that the Nicaraguan Government has not always followed the requirements in its procurement law, including by not adhering to the minimum time periods required for open bids, creating terms of reference and technical specifications that are frequently unclear, and including requirements for financial guarantees and local legal representation that create significant challenges for U.S. firms. U.S. businesses also report that the rule of law is weak and there is corruption, which is particularly apparent in government procurement.

In November 2024, Nicaragua implemented Administrative Circular DGCE-SP-10-2024 which requires all public entities and organizations to prioritize the procurement of ICT solutions manufactured in China.

Nicaragua is neither a Party to the WTO Agreement on Government Procurement (GPA), nor an observer to the WTO Committee on Government Procurement. Nicaragua has binding international procurement obligations under the CAFTA–DR.

INTELLECTUAL PROPERTY PROTECTION

Despite a strong legal framework to implement CAFTA–DR commitments on intellectual property (IP) protection and enforcement, concerns remain, including optical disc and broadcast media piracy and the use of unlicensed software in Nicaragua. Furthermore, the sale of counterfeit and pirated goods is reportedly widespread throughout Nicaragua. The United States has expressed concern to the Nicaraguan Government about inadequate IP enforcement, as well as the need to ensure transparency in procedures relating to the protections for geographical indications.

OTHER NON-MARKET POLICIES AND PRACTICES

Nicaragua does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Nicaraguan markets from distortions and ensure a fair and secure trading relationship. Nicaragua has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address distortions caused by such NMPPs. Additionally, Nicaragua does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Nicaragua’s law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement, including with regard to freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, the effective abolition of child labor and a prohibition on the worst forms of child labor, the elimination of discrimination in respect of employment and occupation, a safe and healthy work environment, and acceptable conditions of work with respect to minimum wages and hours of work. Nicaragua does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Nicaragua’s market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Nicaragua an unfair advantage.

On October 20, 2025, following an investigation under section 301 of the Trade Act of 1974, the U.S. Trade Representative determined that Nicaragua’s acts, policies, and practices related to labor rights, human rights and fundamental freedoms, and the rule of law burden or restrict U.S. commerce by creating unfair competition against U.S. workers and businesses through denial of basic labor rights resulting in artificially low-cost Nicaraguan products; creating disincentives or lost sales and exports for U.S. enterprises seeking to access or operate in Nicaragua by weakening its economy through diminishing worker participation and productivity; and causing lost investment and commercial opportunities for U.S. workers and companies through the creation of a high-risk environment in which to invest or conduct business. On December 10, 2025, the U.S. Trade Representative determined that appropriate action in the investigation is the imposition

of a 15 percent tariff, phased in over two years, on all imported Nicaraguan goods that are not originating under the CAFTA–DR.

ENVIRONMENT

Illegal Mining

Stakeholders have expressed concerns about illegal mining in Nicaragua, driven by weak environmental laws and enforcement, widespread corruption, and the high profitability of illicit gold. Illegal mining undercuts U.S. companies that comply with environmental laws and labor standards, harms the environment and local communities, and funds transnational criminal organizations.

NIGERIA

TRADE SUMMARY

The U.S. goods trade balance with Nigeria shifted from a goods trade deficit of \$1.5 billion in 2024 to a goods trade surplus of \$1.8 billion in 2025. U.S. goods exports to Nigeria totaled \$6.8 billion in 2025, up 58.3 percent (\$2.5 billion) from 2024. U.S. goods imports from Nigeria totaled \$5.0 billion in 2025, down 13.0 percent (\$747.6 million) from 2024. Total U.S. goods trade (exports plus imports) with Nigeria was an estimated \$11.8 billion in 2025. Nigeria was the 43rd largest U.S. goods export market in 2025.

The U.S. services trade surplus with Nigeria was \$1.7 billion in 2025, a 0.1 percent increase (\$1 million) over 2024. U.S. services exports to Nigeria totaled \$2.4 billion in 2025, up 2.4 percent (\$57 million) from 2024. U.S. services imports from Nigeria totaled \$691 million in 2025, up 8.8 percent (\$56 million) from 2024. Total U.S. services trade with Nigeria was an estimated \$3.1 billion in 2025. Nigeria was the 50th largest U.S. services export market in 2024 (latest data available).

IMPORT POLICIES

Tariffs

Nigeria's average Most-Favored-Nation (MFN) applied tariff rate was 12 percent in 2024 (latest data available). Nigeria's average MFN applied tariff rate was 15.9 percent for agricultural products and 11.4 percent for non-agricultural products in 2024 (latest data available). Nigeria has bound 19.7 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 120.5 percent.

Consistent with the Economic Community of West African States (ECOWAS) Common External Tariff (CET), Nigeria applies five tariff bands: (1) zero percent duty on essential social goods (*e.g.*, medicine); (2) 5 percent duty on essential commodities, raw materials, and capital goods; (3) 10 percent duty on intermediate goods; (4) 20 percent duty on consumer goods; and, (5) 35 percent duty on certain goods that the Nigerian Government has elected to afford greater protection. The CET was slated to be fully harmonized by 2020; however, in practice, some ECOWAS Member States have maintained deviations from the CET beyond the January 1, 2020 deadline.

Taxes

Nigeria maintains a number of supplemental taxes, referred to as import adjustment taxes, in addition to the tariffs on imports of certain goods, which significantly raises the effective tariff rate paid by importers. For example, Nigeria maintains a combined tariff plus other associated import fees of 50 percent or more on 79 tariff lines. These include 17 tariff lines on which the combined duty plus other associated import fees reaches or surpasses the 70 percent limit set by ECOWAS.

Value-Added Taxes

Nigeria applies a standard value-added tax (VAT) rate of 7.5 percent to many goods and services, including imports from the United States and all other non-ECOWAS countries. There are some exceptions to VAT policy, whether for import, export, or domestic sales. This includes a list of "zero-rated" goods that accrue zero percent VAT, *e.g.*, basic food items, healthcare goods, education, clean energy inputs, and all non-oil

and gas exports. An additional class of goods and services are VAT exempt, including residential rent payments, baby products, public transport, some financial and banking services, and oil and gas exports.

The VAT does not apply to goods under two “threshold” (*de minimis*) scenarios: (1) personal use imports valued at less than \$300 per shipment are VAT- and duty-free; (2) most small businesses with an annual gross turnover of NGN 50 million (approximately \$33,807) or less are exempt from VAT (including registering for VAT, charging VAT on their goods or services, and filing monthly VAT returns). However, small businesses providing “professional services” such as lawyers, accountants, and consultants are subject to VAT, regardless of their annual turnover.

Exports from Nigeria are “zero-rated,” *i.e.*, a zero percent VAT rate is applied to foreign customers purchasing goods from Nigeria. Although required to pay VAT initially, Nigerian exporters can claim a refund or credit for VAT paid on the raw materials, equipment, and other overhead costs that they previously paid.

Non-Tariff Barriers

Transparency

Transparency of the regulatory system in Nigeria is a concern. U.S. companies have raised concerns that some regulations are issued as final measures without a clear process or period for public comment on draft regulations.

Import Bans

The Nigeria Customs Service continues to ban the import of 25 different product categories, representing an estimated 5 percent of Nigeria’s tariff lines (at the 10-digit Harmonized System (HS) level). Many of these import prohibitions have been in place for more than 20 years. The list of prohibited imports currently includes: bird eggs; cocoa butter, powder, and cakes; pork; beef; poultry; live or dead birds; refined vegetable oil and fats; bottled water; spaghetti and other noodles; fruit juice in retail packs; tomatoes, tomato ketchup, and tomato sauces; nonalcoholic beverages (excluding energy drinks); bagged cement; beer and stout; all medicaments falling under HS headings 3003 and 3004; soaps and detergents; mosquito repellent coils; paper board; used motor vehicles more than 12 years old; ball point pens; most types of footwear; bags and suitcases; used clothing; and certain spirits and alcohols.

Customs Barriers and Trade Facilitation

Nigeria ratified the WTO Trade Facilitation Agreement (TFA) in January 2017. Nigeria’s notification on the use of customs brokers was due to the WTO in December 2020, according to Nigeria’s self-designated TFA implementation schedule. Nigeria submitted an incomplete notification with respect to the use of customs brokers on November 25, 2022, and the United States has sought further information from Nigeria and continued to encourage Nigeria to submit a revised notification with complete information.

The practices of the Nigeria Customs Service (NCS) continue to present major obstacles to trade. Importers report inconsistent application of customs regulations; lengthy clearance procedures, often due to outdated manual processing systems, and corruption. These factors sometimes contribute to product deterioration and result in significant losses for importers of perishable goods. Disputes among Nigerian Government agencies over the interpretation of regulations often cause delays, and frequent changes in customs guidelines slow the movement of goods through Nigerian ports. The customs authority has attempted to automate its processes, but many basic customs procedures are still paper-based and require a long time to complete.

In February 2025, the NCS introduced a 4 percent fee on the value of imported goods shipped free on board (FOB). This fee faced strong opposition from importers, manufacturers, and trade associations, who argued it would sharply raise the cost of imports. Under pressure from these stakeholders, the Nigerian Government announced a suspension of the fee in late February 2025. The 4 percent fee was reintroduced in August 2025 and was suspended again in September after similar opposition, although some importers report that the NCS has continued to charge the fee. In fact, the NCS claims the fee was never actually suspended after its February introduction and states that the Nigeria Customs Service Act (2023) mandates NCS collect the fee.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Nigeria has not consistently notified draft technical regulations to the WTO Committee on Technical Barriers to Trade. Further, Nigeria has not consistently notified draft measures to the WTO Committee on Sanitary and Phytosanitary Measures. Additionally, Nigeria is not consistent in the implementation of technical regulations and sanitary and phytosanitary measures, which can create confusion and undermine compliance.

Sanitary and Phytosanitary Barriers

Import Certificates

Nigeria requires that all food, drug, cosmetic, and pesticide imports be accompanied by certificates from manufacturers, third-party certifiers, or exporters' national authorities, depending on the product and without regard to the risk of the product to human or animal health. These certificates must attest that the product is safe for human use and consumption. However, Nigeria's limited capacity to review export certificates, issue import permits, inspect cargo, and test products has resulted in delays in the clearance of agricultural imports and has diverted imports to informal channels.

GOVERNMENT PROCUREMENT

U.S. companies have expressed concerns about corruption and a lack of transparency in procurement processes in Nigeria.

The Public Procurement Act of 2007 established the Bureau of Public Procurement (BPP) as the regulatory authority responsible for the monitoring and oversight of public procurement in Nigeria. Only majority Nigeria-owned companies may bid on procurements between NGN 2.5 million (approximately \$1,690), and NGN 100 million (approximately \$67,613) for goods, and between NGN 2.5 million (approximately \$1,690) and NGN 1 billion (approximately \$676,133) for services and public works projects. Above those thresholds, both majority foreign-owned and majority Nigerian-owned companies may engage in competitive bidding. Nigerian Government agencies do not always follow procurement guidelines, despite the requirement that no procurement proceedings are to be formalized until the procuring entity has ensured that funds are available to meet the obligations and has obtained a "Certificate of 'No Objection' to Contract Award" from the BPP.

Nigerian Executive Order 5 of 2018 added restrictions and obligations for public procurement related to science, engineering, and technology. The order is designed to bolster the Public Procurement Act of 2007 and directs government offices to grant preference to Nigerian suppliers.

Foreign companies may be subject to requirements that include the use of a local partner firm or joining a consortium.

In May 2025, the Federal Executive Council approved the “Nigeria First” policy, mandating that all federal ministries, departments, and agencies prioritize locally-made Nigerian goods, Nigerian services, and Nigerian expertise in procurement. If foreign goods and services must be used, as a result of a lack of a local alternative, procurement contracts must include provisions for technology transfers, local production, or capacity building. As of December 31, 2025, the policy had not yet been implemented as the executive order that would codify the policy had not yet been drafted or signed by the President.

Nigeria has made modest progress on its pledge to conduct open and competitive bidding processes for government procurement. The BPP has made a variety of procedures and bidding information publicly available on its website. Nigeria’s National Assembly operates its own procurement process that is not subject to BPP oversight and lacks transparency. Although U.S. companies have won contracts in various sectors, difficulties in receiving payments are common and can discourage firms from bidding. Foreign government subsidized financing arrangements appear in some cases to be a crucial factor in the award of government procurements.

Nigeria is neither a Party to the WTO Agreement on Government Procurement (GPA) nor an observer to the WTO Committee on Government Procurement.

INTELLECTUAL PROPERTY PROTECTION

Nigeria has taken steps to improve its legal framework for intellectual property (IP) protection, including by joining the 1991 Act of the International Union for the Protection of New Varieties of Plants (UPOV) in March 2025 and launching a National IP Policy and Strategy in December 2025. Additionally, Nigeria’s Copyright Act, 2022 includes provisions addressing technological protection measures, remuneration, and broadcasting rights and provides anti-piracy penalties, with a view toward implementing the World Intellectual Property Organization (WIPO) Copyright Treaty, WIPO Performances and Phonograms Treaty, Beijing Treaty on Audiovisual Performances, and Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled. The United States has urged Nigeria to consider whether additional amendments are needed to ensure Nigerian copyright law is in compliance with all IP treaties to which Nigeria is a party.

Counterfeit goods, including pharmaceuticals, automotive parts, and other consumer goods, remain widely available in Nigeria and often threaten the health and safety of consumers. The Nigerian National Agency for Food and Drug Administration and Control is, however, active in enforcement efforts, including raids of facilities distributing and manufacturing counterfeit goods covered by the agency’s mandate. In addition, online infringements and pirated software, music, and video recordings are prevalent. IP enforcement remains inadequate due to chronically insufficient resources for enforcement agencies, porous borders, entrenched trafficking systems that make enforcement difficult, and corruption. Public awareness is low regarding the role of IP in Nigeria’s economy, despite the benefits Nigeria has seen from its growth as a regional hub for the African film, music, and fashion industries and despite the harm to consumers from counterfeit products. The Nigerian Copyright Commission and the Federal Competition and Consumer Protection Commission, often in partnership with the U.S. Embassy, have taken steps to raise awareness about IP.

SERVICES BARRIERS

Insurance Services

In general, Nigeria prohibits foreign firms from participating in reinsurance of risks in the oil and gas sector. The Nigerian Insurance Industry Reform Act (NIIRA), signed into law on August 5, 2025, provides that an oil and gas company may apply for an exemption from this requirement if “exceptional circumstances” warrant foreign insurance, including where the risk in or emanating from Nigeria is of an exceptional nature. Notably, the NIIRA does not specify what qualifies as risk of an exceptional nature or exceptional circumstances. Risks emanating from unusually complex, hazardous, or capital-intensive projects such as ultra-deep offshore drilling operations for which domestic insurers may lack the requisite financial capacity to underwrite could qualify as risks of exceptional nature. However, this statute has not been tested. The regulator may also waive the prohibition, but only if all local reinsurance capacity has been fully exhausted. Nigeria also imposes 5 percent mandatory reinsurance cession requirements in favor of the Africa Reinsurance Corporation and the WAICA Reinsurance Corporation).

Professional Services

The Advertising Regulatory Council of Nigeria Act was enacted on August 20, 2022. The Act replaced the Advertising Practitioners Council of Nigeria, which functioned like a trade association, with the Regulatory Council, which has sweeping regulatory and enforcement powers. The Act prescribes onerous and costly compliance requirements, including mandatory registration for any person or company engaging in any form of advertising in Nigeria and a requirement that all advertisements are approved before publication. U.S. industry stakeholders have expressed concerns that these requirements are technically and financially infeasible, have not been applied transparently, and have resulted in accusations of selective enforcement and fines for the purposes of revenue generation.

Other Digitally-Enabled Services and Digital Products

Data Localization

The National Information Technology Development Agency (NITDA) Guidelines for Nigerian Content Development in Information and Communication Technology (Guidelines) require foreign and domestic businesses to store data concerning Nigerian citizens within Nigeria. The NITDA Guidelines further require that businesses host government data locally, unless officially exempted. However, the requirements do not seem to be rigorously enforced which causes uncertainty for businesses seeking to comply with the requirements.

Nigeria’s draft 2025 National Cloud Policy requires the local storage of data in certain circumstances, which would require foreign cloud service providers to invest locally or partner with domestic firms to participate in government procurement and provide cloud services. Nigeria’s draft 2025 National Cloud Policy has changed with each iteration so it remains uncertain how stringent the localization requirement will be in the final version.

Internet Services

The NITDA Guidelines also require information and communications technology companies to use Nigerian businesses for the provision of at least 80 percent of all value-added services on their networks. The NITDA Guidelines define “value-added service” vaguely, creating uncertainty for businesses seeking

to comply with the measure. Though Nigeria has largely declined to enforce the NITDA Guidelines, periodic threats of repercussions for non-compliance remain a concern.

In 2022, NITDA issued the “Code of Practice for Interactive Computer Service Platforms/Internet Intermediaries,” which came into force on December 26, 2022. It also requires digital service platforms with more than 1 million users in Nigeria to incorporate in and have a physical contact address in Nigeria.

Digital Services Taxation

The 2021 Finance Act introduced a new tax regime for non-resident companies providing digital services and products to persons in Nigeria, including both income tax and VAT. The 2020 Finance Act first introduced income tax obligations for non-resident companies providing digital goods and services in Nigeria. U.S. companies have expressed concerns about the impact of the tax.

Nigeria’s Significant Economic Presence (SEP) tax under the Companies Income Tax Act (CITA) went into force on January 1, 2026. Companies are deemed to have a significant economic presence if they engage in activities like transmitting data, providing digital services, or offering technical and professional services to Nigerian residents, even in the absence of a physical presence. This provision particularly targets digital businesses and other remote operations that generate income from Nigeria, such as electronic commerce platforms, online advertising, and digital services. The provision has thresholds for application, which can be either a gross revenue threshold related to the activities performed, use of a Nigerian domain name or registration of a website in Nigeria, or a determination of “purposeful and sustained” interaction with Nigerian persons through the digital platform.

OTHER NON-MARKET POLICIES AND PRACTICES

Nigeria does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Nigeria markets from distortions and ensure a fair and secure trading relationship. Nigeria has not entered into an Agreement on Reciprocal Trade that includes commitments to address distortions caused by such NMPPs. Nigeria does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Nigeria’s law regarding the protection of internationally recognized labor rights, including with respect to freedom of association and the effective recognition of the right to collective bargaining, the effective abolition of child labor, and a prohibition on the worst forms of child labor. The United States also has concerns with respect to labor law enforcement. Nigeria does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Nigeria’s market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Nigeria an unfair advantage.

ENVIRONMENT

Wildlife trafficking is a serious transnational crime that threatens security and economic prosperity. Nigeria is a major transit and source country for illegal wildlife products, particularly for ivory, pangolin scales, and hardwood timber. Nigeria is also a well-known transit point for wildlife smuggled from Central and West Africa to buyers in Europe, the Middle East, and Asia. Illegal wildlife crime in Nigeria is linked to other serious crimes such as drug trafficking. The Nigerian Government is also known to be actively

engaged in or knowingly profiting from trafficking of endangered or threatened species. Nigeria has pending legislation to increase penalties, including fines and prison time, for trafficking elephant ivory, pangolin scales, and products from other threatened species. Successful prosecutions for wildlife crimes in Nigeria are rare and environmental law enforcement is lacking. Illegal wildlife trade undercuts legitimate, regulated trade in wildlife products, for example for use in the pet, fashion, and medical research sectors that comply with strict regulations and sustainable practices, and contaminates global supply chains with illicit products that can ultimately reach U.S. consumers.

OTHER BARRIERS

Bribery and Corruption

Corruption remains a substantial barrier to trade and investment in Nigeria. Corruption and lack of transparency in tender processes are of great concern to U.S. companies. U.S. firms experience difficulties in day-to-day operations as a result of inappropriate demands from officials for “facilitative” payments. Efforts to strengthen anticorruption measures have been hampered by inter-ministerial infighting and partisan politics. Questions also remain regarding the Nigerian justice system’s capacity to achieve convictions and appropriate sentencing for corruption-related crimes.

Foreign Exchange Controls

Foreign exchange limitations have negatively impacted investment as well as trade. Restrictive measures have hampered some U.S. companies’ abilities to import finished or semi-finished goods for use in their Nigerian operations. Moreover, Nigeria’s policies have increased challenges for projects developed with international financing that include U.S. dollar–denominated debt obligations, because borrowers have struggled to secure the necessary foreign exchange to meet those obligations.

In addition, Nigerian importers report they sometimes must agree to schemes to produce domestically to be allocated import permits by the government and to access foreign exchange through the Nigerian Foreign Exchange Market to source similar products from abroad.

However, the Nigerian Government has taken steps to address these limitations. In June 2023, the Central Bank of Nigeria (CBN) introduced a market-based foreign exchange regime, collapsing its multiple official exchange rates into one, the “Nigerian Foreign Exchange Market.” In October 2023, the CBN reversed its eight-year-old restriction on access to U.S. dollars for the importation of 43 items such as rice, meat, poultry, vegetable oil, fertilizer, dairy products, maize, sugar, and several steel products (although, as noted in the *Import Bans subsection*, some of these products remain on the Nigeria Customs Service’s Prohibited Items List).

Despite the liberalization of the foreign exchange market, the CBN maintains strict controls over the repatriation of funds. Companies report that the approval process for the repatriation of funds remains a barrier to investment by U.S. entities, because it is governed by a strict regulatory protocol and is subject to a fluctuating volume of dollars on the Foreign Exchange Market, which can cause delays and denials.

Maritime Trade

Delays caused by congestion and the poor condition of access roads, corruption, an insufficient number of digital cargo scanners and insecurity in the Gulf of Guinea make operations at Nigerian ports among the most expensive in the world. According to shipping industry reports, the 30-day average delay to clear a container ship makes Apapa in Lagos among the most expensive ports for shipments from the United States.

Lagos ports also lack adequate space, and ships often wait for days—in some cases weeks or months—before being able to berth and discharge their contents.

In April 2024, Nigeria announced the creation of the “National Single Window” (NSW) project, a digital trade-facilitation platform designed to unify all import/export documentation, agency clearances and licenses through a single electronic portal. Once implemented the NSW is expected to reduce average cargo-clearance time from roughly 18-21 days to less than 7 days. The NSW is scheduled to be operational by the first quarter of 2026.

The \$1.5 billion Lekki Deep Sea Port commissioned in Lagos on April 1, 2023 was expected to reduce the pressure on the inefficient Apapa and Tin Can ports but has yet to attract enough traffic. Traffic gridlock at the Apapa main port in Lagos continues to impact U.S. exports. Maritime crime in the Gulf of Guinea emanating from Nigeria has diminished since its peak in the mid-2010s but still poses a significant threat with 15 incidents recorded in the first nine months of 2025, compared to 12 in the same period in 2024. Although incident numbers curbed, crew safety remains a concern and has a deleterious effect on U.S. exports to Nigeria.

To help address some of these challenges, in August 16, 2023 the Government of Nigeria established the Ministry of Marine and Blue Economy and moved Nigeria’s two maritime-focused and revenue-gathering agencies, the Nigerian Maritime Administration and Safety Agency (NIMASA) and the Nigerian Ports Authority (NPA), out from the Ministry of Transportation and into the new Ministry. Leadership of the new ministry has vocally advocated for the use of technology in Nigerian ports, including cargo tracking to promote efficiency and ease of doing business. The U.S. Coast Guard (USCG) partners with NIMASA to strengthen Nigeria’s ability to improve port security conditions and facilitate U.S. exports to Nigeria. If current trends continue, the USCG is likely to remove Nigeria from the Ports’ Advisory List by 2027, a change that would deem Nigerian ports as “low risk” for security threats and thereby reduce the number of inspections and delays for Nigerian ships and cargo entering U.S. ports.

Export Restrictions

The Nigeria Customs Service prohibits exports of maize, timber, raw hides and skin, scrap metals, and unprocessed rubber latex.

NORTH MACEDONIA

TRADE SUMMARY

The U.S. goods trade deficit with North Macedonia was \$227.9 million in 2025, a 102 percent increase (\$115.1 million) over 2024. U.S. goods exports to North Macedonia totaled \$76.6 million in 2025, up 26.3 percent (\$15.9 million) from 2024. U.S. goods imports from North Macedonia totaled \$304.5 million in 2025, up 75.6 percent (\$131.1 million) from 2024. Total U.S. goods trade (exports plus imports) with North Macedonia was an estimated \$381.1 million in 2025. North Macedonia was the 158th largest U.S. goods export market in 2025.

The U.S. services trade surplus with North Macedonia was \$37 million in 2024 (latest data available), a 42.3 percent increase (\$11 million) over 2023. U.S. services exports to North Macedonia totaled \$118 million in 2024 (latest data available) up 11.3 percent (\$12 million) from 2023. U.S. services imports from North Macedonia totaled \$81 million in 2024 (latest data available) up 1.3 percent (\$1 million) from 2023. Total U.S. services trade with North Macedonia was an estimated \$199 million in 2024 (latest data available). North Macedonia was the 143rd largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

U.S.–North Macedonia Joint Statement

On February 12, 2026, the United States and North Macedonia issued a Joint Statement on a Framework for United States–North Macedonia Agreement on Reciprocal, Fair, and Balanced Trade. Under the Framework, North Macedonia committed to eliminate customs duties for all U.S. industrial and agricultural goods exported to North Macedonia. North Macedonia also committed to address and prevent non-tariff barriers, including to address and prevent barriers to U.S. agricultural products in the Macedonian market, to finalize commitments on digital trade to foster an open and competitive digital economy, and to protect internationally recognized labor rights and prohibit the importation of goods produced by forced or compulsory labor. The United States and North Macedonia continue negotiations on the Agreement to formalize the commitments outlined in the Framework.

IMPORT POLICIES

Tariffs

In June 2025, North Macedonia passed an amendment to its customs law that eliminated customs duties for all U.S. industrial and agricultural goods exported to North Macedonia.

Taxes

Value-Added Taxes

North Macedonia applies a standard value-added tax (VAT) rate of 18 percent to most goods and services, including U.S. exports to North Macedonia. North Macedonia rebates VAT duties on exports, including exports to the United States.

Non-Tariff Barriers

U.S. stakeholders note that frequent regulatory changes, limited advance notice for new requirements, and inconsistent application of regulations create uncertainty for importers and exporters.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

North Macedonia concluded a Stabilization and Association Agreement (SAA) with the European Union (EU) in 2004, became a candidate country for EU accession in 2005, and launched accession negotiations with the EU in 2022. As a candidate for EU accession, North Macedonia is in the process of implementing most EU trade policies and regulations.

(For further information on the EU's technical barriers to trade and sanitary and phytosanitary barriers, see the respective subsections in the EU Chapter of this NTE Report.)

Sanitary and Phytosanitary Barriers

U.S. stakeholders note that North Macedonia's efforts to align with the EU by adopting or following EU requirements limits U.S. red meat imports. Additionally, North Macedonia requires trichinae mitigation for U.S. pork imports.

GOVERNMENT PROCUREMENT

In 2023, North Macedonia acceded to the World Trade Organization (WTO) Agreement on Government Procurement. While accession represented a positive step toward transparency and non-discrimination, U.S. stakeholders report concerns related to inconsistency in procurement practices, failure to apply the principle of the most economically advantageous tender over lowest price bid, and ineffectiveness of review and appeal mechanisms.

INVESTMENT BARRIERS

North Macedonia generally maintains an open investment regime, and foreign investors are afforded national treatment in most sectors. However, U.S. investors report concerns related to regulatory unpredictability, lengthy administrative procedures, and weaknesses in contract enforcement. Significant challenges in the judiciary and public administration, along with persistent corruption, undermine U.S. investor confidence.

STATE-OWNED ENTERPRISES

State-owned enterprises (SOEs) continue to play a role in several sectors, including energy, transportation, and utilities. U.S. stakeholders report that SOEs benefit from preferential treatment, including access to financing and regulatory advantages, which can distort competition.

OTHER NON-MARKET POLICIES AND PRACTICES

North Macedonia does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and North Macedonian markets from distortions and ensure a fair and secure trading relationship. North Macedonia has not entered into an Agreement on Reciprocal Trade that includes commitments to address distortions caused by such NMPPs. North Macedonia does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about North Macedonia's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. North Macedonia does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in North Macedonia's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within North Macedonia an unfair advantage.

ENVIRONMENT

North Macedonia has adopted environmental legislation broadly aligned with EU standards, but enforcement remains uneven. Limited institutional capacity, insufficient inspections, and weak penalties reduce the effectiveness of environmental regulations.

OTHER BARRIERS

U.S. stakeholders report concerns about regulatory uncertainty, limited transparency in rulemaking, and inconsistent application of laws and regulations. U.S. stakeholders report that secondary legislation and administrative guidance are often adopted without sufficient stakeholder consultation, creating challenges for compliance and long-term planning.

NORWAY

TRADE SUMMARY

The U.S. goods trade deficit with Norway was \$2.1 billion in 2025, a 1.2 percent increase (\$25.4 million) over 2024. U.S. goods exports to Norway totaled \$4.6 billion in 2025, down 0.0 percent (\$1.1 million) from 2024. U.S. goods imports from Norway totaled \$6.6 billion in 2025, up 0.4 percent (\$24.3 million) from 2024. Total U.S. goods trade (exports plus imports) with Norway was an estimated \$11.2 billion in 2025. Norway was the 50th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Norway was \$395 million in 2025, a 517.2 percent increase (\$331 million) over 2024. U.S. services exports to Norway totaled \$3.1 billion in 2025, up 9.6 percent (\$271 million) from 2024. U.S. services imports from Norway totaled \$2.7 billion in 2025, down 2.2 percent (\$60 million) from 2024. Total U.S. services trade with Norway was an estimated \$5.8 billion in 2025. Norway was the 45th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

Norway participates in the European Union (EU) single market through the European Economic Area (EEA) Agreement. As an EEA Agreement signatory, Norway assumes most of the rights and obligations of EU Member States, except in the agricultural and fisheries sectors. Norway has implemented or is in the process of implementing most EU single market policies and regulations. Norway grants preferential tariff rates to EEA Members.

IMPORT POLICIES

Tariffs

Norway's average Most-Favored-Nation (MFN) applied tariff rate was 4.4 percent in 2024 (latest data available). Norway's average MFN applied tariff rate was 30.0 percent for agricultural products and 0.4 percent for non-agricultural products in 2024 (latest data available). Norway has bound 100 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 22.2 percent. Norway continues to reduce tariffs on industrial products on a unilateral basis.

Although Norway is less than 50 percent self-sufficient in agricultural production, it maintains tariff rates on agricultural products as high as several hundred percent to protect domestic agricultural interests. Domestic agricultural shortages and price surges are offset by temporary tariff reductions, but insufficient advance notification of these adjustments makes the export of products from the United States, especially fruits, vegetables, and other perishable horticultural products, very difficult. For some processed food products, tariffs are applied based on a product's ingredients, requiring the importer to provide a detailed disclosure of product contents. Many exporters to the Norwegian market refuse to provide all requested details and, as a result, their products are subject to maximum tariffs.

Taxes

Value-Added Taxes

Norway applies a standard value-added tax (VAT) rate of 25 percent to most goods and services, including U.S. exports to Norway. Norway rebates VATs duties on exports, including exports to the United States.

There are exceptions, however, for some goods, including electric vehicles and publications such as newspapers and magazines. These goods may be completely or partially exempt if certain conditions are met. For example, electric vehicles with a value up to NOK 300,000 (approximately \$28,846) are exempt from VAT. If the value of the vehicle is above that threshold, it is subject to a 25 percent VAT on the excess amount. This applies to both new and used vehicles that have not been previously registered in Norway, and that have an electric motor for propulsion. Also, while some publications such as newspapers and magazines are subject to VAT, the rate currently applied is zero percent.

SANITARY AND PHYTOSANITARY BARRIERS

Transparency

Under the EEA Agreement, Norway applies certain EU sanitary and phytosanitary (SPS) regulations that may unnecessarily restrict trade without furthering safety objectives, because they appear to be applied beyond the extent necessary to protect human, animal, or plant life or health; are not based on risk; or are maintained without sufficient scientific evidence. On plant health, the Norwegian Food Safety Authority provides measures to eradicate, prevent, or limit the spread of regulated pests independent of the EU. However, Norway's maximum residue levels for pesticides were adopted under the EEA Agreement and are updated when new EU regulations are adopted.

Agricultural Biotechnology

Norway has implemented extremely restrictive policies for crops derived from agricultural biotechnology, with limited exceptions. The restrictions include prohibiting farmers from cultivating biotechnology crops and from using biotechnology feed for farm animals. The United States continues to press Norway to recognize the applicable science on the safety of such products and, accordingly, to open its market to U.S. exports of such products. The advent of innovative biotechnology research approaches, such as genome editing, has led Norway to reconsider its stance on agricultural biotechnology.

An expert committee on biotechnology was appointed by the Norwegian Government in 2020 to gather updated scientific information on new biotechnologies for use in formulating new policies and to assess whether to adjust the existing legal framework to ensure that technological advancements benefit society without harming health or the environment. The committee delivered its recommendations on June 6, 2023, and concluded that current regulations and their implementation create obstacles to realizing the full potential of these technologies. The committee proposed streamlining public administration, harmonizing regulations with EU legislation, and taking concrete measures to stimulate more socially beneficial innovation.

Beef

Norway applies regulations developed by the EU that ban imports of beef from animals treated with hormones, despite the absence of scientific evidence demonstrating that beef from animals treated with hormones below the regulatory limit poses any risk to human health.

GOVERNMENT PROCUREMENT

U.S. pharmaceutical companies active in Norway have raised concerns regarding government procurement procedures for pharmaceuticals, including a lack of detailed information on the selection process for winning bidders and unauthorized disclosures of confidential pricing data. U.S. companies have raised

concerns that tenders in the pharmaceutical sector in Norway have been unpredictable and nontransparent, and companies have sought more direct communication with the body responsible for final procurement decisions on behalf of regional health authorities (the Norwegian Decision Forum).

Norway is a Party to the WTO Agreement on Government Procurement (GPA).

SERVICES BARRIERS

Other Digitally-Enabled Services and Digital Products

Data Localization Requirements

Data protection in Norway is governed by the Norwegian Personal Data Act, which implements the European Union General Data Protection Regulation (GDPR) and became effective on July 10, 2018. The GDPR was incorporated into the EEA Agreement on July 6, 2018. The Norwegian Personal Data Act restricts the transfer of personal data outside of the EEA, except to specific countries determined to provide adequate data protection by the European Commission (Commission) or when other specific requirements are met, such as the use of standard contract clauses or binding corporate rules. Restrictions on the flow of data have a significant effect on the conditions for enabling the functionality embedded in intelligent goods (*i.e.*, smart devices).

On March 25, 2022, the United States and the EU announced that they had agreed in principle on a new EU-U.S. Data Privacy Framework (DPF), which is designed to provide a new mechanism to comply with EU data protection requirements for the transfer of personal data from the EU. Executive Order 14086 of October 7, 2022, [Enhancing Safeguards for United States Signals Intelligence Activities](#), implements the U.S. commitments under the EU-U.S. DPF. In July 2023, the Commission granted the United States an adequacy decision for the DPF; and organizations that self-certify their compliance with the DPF principles began transferring personal data from Norway to the United States in reliance on the DPF without standard contractual clauses since July 2023.

(For further information on the EU's General Data Protection Regulation and the EU–U.S. Data Privacy Framework, see the Other Digitally-Enabled Services and Digital Products subsection in the EU Chapter of this NTE Report.)

INVESTMENT BARRIERS

Foreign ownership of hydropower resources is prohibited in Norway, except in rare instances in which the government allows foreign investors up to 20 percent equity ownership.

SUBSIDIES

Agricultural Support

Although agriculture accounts for only 2 percent of Norway's gross domestic product as of 2024 (latest data available), support provided by Norway to its agricultural producers was 47.7 percent of total farm receipts in 2024 (latest data available), the third-highest among Organization for Economic Cooperation and Development (OECD) Member States, and more than three times the OECD average.

Norway maintains a price reduction regime that includes subsidies for using certain domestically produced raw materials in processed foods. Products for which such subsidies are paid include chocolate, ice cream

(for milk and glucose), pizza (for cheese and meat), and sweets. The purpose of the system is to help compensate the domestic food processing industry for the high costs of domestically produced raw materials.

OTHER NON-MARKET POLICIES AND PRACTICES

Norway does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Norwegian markets from distortions and ensure a fair and secure trading relationship. Norway has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address distortions caused by such NMPPs. Norway participates in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

Norway does not have a ban on the importation of goods produced with forced or compulsory labor. Under the EEA Agreement, Norway will be required to implement the European Union's forced labor import regulation (Regulation (EU) (2024/3015)), but Norway has not yet incorporated this regulation into domestic law. Goods made with forced labor can enter and compete in Norway's market. This issue may artificially suppress costs, including labor costs, which may give certain goods from and within Norway an unfair advantage.

PAKISTAN

TRADE SUMMARY

The U.S. goods trade deficit with Pakistan was \$2.1 billion in 2025, a 29.6 percent decrease (\$889.8 million) over 2024. U.S. goods exports to Pakistan totaled \$3.3 billion in 2025, up 56.6 percent (\$1.2 billion) from 2024. U.S. goods imports from Pakistan totaled \$5.4 billion in 2025, up 5.9 percent (\$303.3 million) from 2024. Total U.S. goods trade (exports plus imports) with Pakistan was an estimated \$8.7 billion in 2025. Pakistan was the 56th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Pakistan was \$610 million in 2024 (latest data available), a 147.0 percent increase (\$363 million) over 2023. U.S. services exports to Pakistan totaled \$1.7 billion in 2024 (latest data available) up 20.2 percent (\$292 million) from 2023. U.S. services imports from Pakistan totaled \$1.1 billion in 2024 (latest data available) down 5.9 percent (\$70 million) from 2023. Total U.S. services trade with Pakistan was an estimated \$2.9 billion in 2024 (latest data available). Pakistan was the 63rd largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

United States–Pakistan Trade and Investment Framework Agreement

The United States and Pakistan signed a Trade and Investment Framework Agreement (TIFA) in June 2003. The TIFA is the primary mechanism for discussions of trade and investment issues between the United States and Pakistan.

IMPORT POLICIES

Tariffs

Pakistan’s average Most-Favored-Nation (MFN) applied tariff rate was 10.3 percent in 2024 (latest data available). Pakistan’s average MFN applied rate was 13.0 percent for agricultural products and 9.9 percent for non-agricultural products in 2024 (latest data available). Pakistan has bound 98.6 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 60.8 percent. For agricultural products, the average WTO bound rate is 96.2 percent. The average WTO bound rate for non-agricultural products is at 55.2 percent. Beyond the tariffs, Pakistan applies other charges on imports, such as additional customs duties and regulatory duties.

Despite the reduction of applied tariff rates since 2013, U.S. companies have cited concerns that Pakistan has been imposing high tariff rates on products such as automobiles and finished goods. In addition, Pakistan modifies sector- and product-specific tariff rates through the promulgation of statutory regulatory orders (SROs). SROs may be issued without providing for stakeholder consultations or allowing importers time for implementation and compliance. Under previous International Monetary Fund (IMF) programs, Pakistan pledged to limit the use of SROs to genuine emergencies. However, SROs continue to be issued, and Pakistan has not provided a timeline for their removal.

Taxes

Value-Added Taxes

Pakistan applies an 18 percent value-added tax (VAT), locally known as the General Sales Tax (GST), on goods at each stage of production and distribution. The GST is administered by the Federal Board of Revenue for goods; provincial authorities oversee services, for which rates range from 15 percent to 16 percent. The standard VAT/GST regime applies uniformly to imports, including those from the United States, with no special rates based on origin.

Pakistan rebates VATs when goods or services are exported including to the United States. Exporters can claim a refund for the VAT/GST paid on inputs used to produce the exported goods or services.

Pakistani customs regulations set a *de minimis* threshold of approximately PKR 5,000 (approximately \$18) for shipments through postal or courier channels, below which imports are generally exempt from the VAT/GST.

Non-Tariff Barriers

Pakistan permits the importation of certain goods only by the public sector or industrial consumers (*e.g.*, active ingredients for the formulation or manufacturing of pesticides). Some imports require approvals from federal-level ministries, such as the Ministry of Climate Change, Ministry of Interior, and the Ministry of National Health Services, Regulations and Coordination. Imports of certain products, including food colors, waste, parings, and scrap plastics, must receive official certification by the exporting country or by a specialized pre-shipment inspection company.

Import Bans/Restrictions

On July 11, 2024, Pakistan issued SROs 1021 and 1022, which banned the import and export of wheat. Pakistan officials have stated that the bans were put in place to stabilize local prices given record domestic production and high stocks. Consequently, Pakistan has not imported wheat during the current marketing year.

Customs Barriers and Trade Facilitation

U.S. food and consumer product exporters have expressed concerns regarding a lack of uniformity in customs valuation in Pakistan that negatively affects U.S. stakeholders. Similarly, in the machinery and materials sectors, there are reports that customs officials have erroneously assessed the customs value of goods, using a set of minimum values rather than the declared transaction value.

U.S. companies have reported being adversely affected by Customs Rules 389 and 391. Customs Rule 389 requires the placement of a physical invoice and packing list in the shipping container; Customs Rule 391 places the responsibility of including such documents and liability for failure to comply on the owner of the goods and the carrier. Such rules pose compliance challenges for companies that use intermediaries, re-invoicing, or the storage of goods at various points during transit. Many companies' invoicing, accounting, and shipping systems do not permit the generation of invoices and packing lists before to the departure of the goods from the company's production or storage facilities. Customs officials impose penalties on companies lacking invoicing systems capable of producing paper documentation for each container. The United States continues to monitor these measures and seek their removal.

SANITARY AND PHYTOSANITARY BARRIERS

Pakistan continues to ban imports of beef and beef products from the United States. During the April 2024 TIFA Council meeting, Pakistan and the United States reached an agreement in principle on an export certificate that would re-open the market for U.S. beef. To date, however, the agreement remains non-operational due to pending clarifications on Pakistan's labeling requirements.

In October 2022, Pakistan customs authorities detained two shipments of U.S. genetically engineered (GE) soybeans. The MNFSR reiterated the requirement to apply for an import license for GE products, a process at the time stymied by a lack of implementing regulations for approval of GE soybeans for food, feed, and processing (FFP). In December 2022, Pakistan formed a committee to evaluate the issue. On November 24, 2023, Pakistan's cabinet passed amendments to the Biosafety Rules aimed at restarting the importation of GE commodities for FFP purposes. Per the approved Biosafety Rules, the Director General of Environment at the Ministry of Climate Change received 16 applications for the import of soybeans that were approved by the Technical Evaluation Committee. In October 2024, the National Biosafety Committee (NBC) approved the requests of Pakistani importers to import GE soybeans under the new Biosafety Rules. In February 2025, Pakistan imported the first shipment of U.S. soybeans after a two-year hiatus, and in November 2025 Pakistan's Environmental Protection Agency extended the import licenses for another year.

Pakistan's fumigation requirements are opaque and variable, and can lead to discharge risk. In the past, Pakistan has required the fumigation of soybean imports with methyl bromide to devitalize seeds. This fumigation requirement is not based on a transparent, science-based risk assessment.

GOVERNMENT PROCUREMENT

Since 2014, Pakistan has relied more on technical qualifications in its procurements over lowest cost, but U.S. companies continue to complain of losing tenders solely because of price. Some U.S. companies report instances in which the procuring agency used a bid from a U.S. supplier as a basis for—and to incentivize—further negotiations with other suppliers, rather than accepting the lowest-priced and technically superior bid as outlined, and required, by applicable bidding regulations. U.S. companies also report concerns that Pakistan's practice rewards anticompetitive behavior, and may facilitate the use of lower bids in an effort to negotiate below-market prices from U.S. and other foreign companies.

Pakistan authorities have worked with international financial institutions on improving the transparency of their procurement regime, and Pakistan is receiving World Bank support for the development of an electronic procurement system that will publish information on both central and subcentral procurement contracts and information regarding the successful bidders. According to the IMF, as of October 2024, the Public Procurement Regulatory Authority had implemented the electronic procurement system across 38 ministries and 342 government departments.

Pakistan is not a party to the WTO Agreement on Government Procurement (GPA), but has been an observer to the WTO Committee on Government Procurement since February 2015.

INTELLECTUAL PROPERTY PROTECTION

Pakistan remained on the Watch List in the [2025 Special 301 Report](#). Although Pakistan has made gradual improvements toward better coordinating its intellectual property (IP) enforcement efforts and updating its IP laws, serious concerns remain, particularly in the area of IP enforcement.

In 2024, the Intellectual Property Organization (IPO) launched an initiative to develop a five-year National Intellectual Property Strategy to improve coordination and enforcement of IP laws, and update and strengthen IP legislation. However, the IPO continues to face challenges in coordinating enforcement among different government agencies and suffers from resource constraints.

Pakistan's establishment of IP tribunals in five cities—and approval for three more cities—since 2016, has been an encouraging development. However, litigants with experience in Pakistan's tribunals have raised concerns over inconsistency of rulings, nominal fines, a general lack of expertise among tribunal judges, confusion over standards by which courts review tribunal decisions, and the extensive backlog of cases. In addition, judicial bodies in Pakistan have limited jurisdiction to adjudicate criminal complaints for IP violations.

Counterfeiting and piracy in Pakistan remain widespread, particularly in the areas of pharmaceuticals, printed works, digital content, and software. Stakeholders report an increase in domestic manufacturing of counterfeit goods and Pakistan playing a major role in regional distribution of counterfeits. There are also reports of numerous cable operators providing pirated contents.

Pakistan acceded to the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol) in 2021 and the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled in 2024 (Marrakesh Treaty). The United States welcomes Pakistan's interest in joining other international treaties, such as the Patent Cooperation Treaty (PCT) and the World Intellectual Property Organization (WIPO) Internet Treaties.

SERVICES BARRIERS

Financial Services

In May 2025, the State Bank of Pakistan (SBP) issued the draft circular “Improving the Adoption of PayPak Cards in Pakistan” that would require an active PayPak debit card before consumers can apply for an International Payment Scheme (IPS) card, unfairly advantaging Pakistani electronic payments system (EPS) companies over U.S. firms. The draft circular would also put in place arbitrary justification requirements to apply for an IPS card, limiting the ability of U.S. EPS providers to offer services in Pakistan.

The SBP prohibits banks and other financial institutions from hosting core banking systems or sensitive financial workloads on offshore clouds. According to SBP's outsourcing framework, only non-critical workloads may be placed with overseas cloud providers and, any “material” (core) data processing abroad requires case-by-case SBP approval. This effectively means that key banking data must remain on local servers unless an exemption is explicitly granted by SBP.

Insurance Services

The National Insurance Company, a majority state-owned enterprise, has the exclusive authority to underwrite and insure public sector firms, assets, and properties. Pakistan has the discretion to grant exemptions to this requirement. Private sector firms must offer to use at least 35 percent of their reinsurance from the state-owned Pakistan Reinsurance Company Limited (PRCL). In the case of facultative reinsurance, there is a system of mandatory cession so business must initially be offered to the state-owned Pakistan Reinsurance Company, which may choose to accept the business or not.

Other Digitally-Enabled Services and Digital Products

Data Localization

Pakistan released a revised draft version of the Personal Data Protection Act in early 2025. The draft legislation would establish strict processing requirements for “certain personal data” and empower the Government of Pakistan to restrict transfers of “certain personal data” to jurisdictions outside of Pakistan. It would also place additional requirements on organizations processing data that meet certain thresholds and are identified as “significant” by the Commission. The draft legislation does not clearly define the thresholds, but requirements include registering a data protection officer. The draft legislation would permit the transfer of personal data outside of Pakistan only in limited circumstances, such as when the service provider has obtained explicit consent from the data subject to transfer of data outside of Pakistan, when a binding contract is in place, or when the data are transferred to a country that provides an adequate data protection legal regime, among others. As of December 31, 2025, potential revisions to the draft legislation had not yet been made available to the public.

Pakistan maintains several restrictions on the use of foreign cloud service providers. Pakistan launched a Cloud First Policy in 2022. This policy imposes data localization requirements on broad and unclearly defined classes of data: “restricted,” “sensitive,” and “secret.” In the financial sector, SBP prohibits financial sector institutions from storing and processing core workloads outside of Pakistan. In 2024, the Securities and Exchange Commission of Pakistan prohibited licensed digital lenders from storing data on cloud infrastructure located outside the country, effectively mandating local hosting.

Internet Services

Pakistan routinely blocks access to Internet services for hosting content deemed to be blasphemous or immoral, or on grounds that such services can be used to “undermine national security.” Under the Prevention of Electronic Crimes Act (PECA), Pakistan routinely blocks entire social media platforms or demands that sites geo-block posts considered “unlawful online content.” Amendments to the PECA in 2025 established a new regulator, the Social Media Protection and Regulatory Authority (SMPRA), and granted the SMPRA broad authority to determine the scope of content subject to takedown. Local and foreign firms have raised concerns over provisions that pose significant obstacles to participating in Pakistan’s market, including requirements to use mechanisms to monitor and block livestreaming content, take down content within unreasonably short timeframes when the authorities issue demands, and decrypt data. An e-Safety Bill and the pending establishment of a Digital Rights Protection Authority would increase financial and criminal penalties associated with online speech. The Ministry of Interior established the National Center for Cyber Investigations in 2024, which is guided by PECA.

In October 2021, Pakistan adopted the Removal and Blocking of Unlawful Online Content (Procedure, Oversight, and Safeguards) Rules, 2021. The Rules apply to the removal and blocking of online content that is deemed unlawful on a “social media or social network service.” Several provisions pose significant barriers to foreign and domestic firms operating in Pakistan, including burdensome registration and licensing requirements, content restrictions, requirements that companies maintain a physical presence in Pakistan and appoint local “grievance” and compliance officers, and requirements for removal of objectionable content within a 48-hour timeframe. The Ministry of Information Technology and Telecommunication (MOITT) and the Pakistan Telecommunications Authority (PTA) consulted with foreign and domestic firms and other stakeholders but did not circulate a revised version of the rules for further public consultation before sending it to the Pakistani cabinet for final approval.

Shutdowns and Other Threats to the Open Internet

Pakistan has repeatedly suspended access to mobile data and certain online services in major cities in response to planned protests, large-scale demonstrations, and other perceived unrest. These suspensions undermine a free and open Internet and impede trade in the digital economy by restricting access to information and services and disrupting commercial operations. The United States continues to monitor the impact of these events on U.S. trade and investment, including services exports.

Electronic Commerce Regulation

Pakistan drafted an Electronic Commerce Policy Framework in August 2019, with the aim of increasing exports and strengthening the digital economy. The framework, adopted in January 2022, contains some restrictive requirements. For example, the policy contains licensing, registration, and local presence requirements, as well as broad restrictions on cross-border data flows.

Digital Services Taxation

In 2025, Pakistan enacted legislation providing for a digital services tax applicable to the sale of goods and services by offshore platforms with a “significant digital presence” in Pakistan. However, before the tax entered into force, the Federal Board of Revenue issued a blanket exemption suspending its implementation, creating uncertainty regarding its future implementation. Despite this exemption, Pakistan continues to maintain several overlapping taxation measures on digital products and services.

INVESTMENT BARRIERS

Pakistan generally permits foreign investment. Pakistan introduced a new Pakistan Investment Policy (PIP) in 2023 in an effort to enhance its investment promotion efforts and attract foreign investment. Pakistan continues to limit foreign ownership through equity caps in certain sectors, including agriculture, aviation, banking, media, insurance, and securities. Ostensibly to combat a tax evasion scheme in which companies report operating losses but remit royalties, Pakistan limits foreign investors’ remittance of royalty payments (except in the manufacturing sector) to a maximum of \$250,000 for the first payment, with subsequent payments capped at 8 percent of net sales for a period up to ten years (which is renewable).

Although Pakistani law allows repatriation of profits, subject to restrictions listed in Chapter 14, section 15 of the SBP Foreign Exchange Manual, U.S. companies and other companies continue to face bureaucratic hurdles regarding repatriating profits, dividends, and royalties from Pakistan, generally coinciding with the Pakistani Government’s focus on stemming outflows of U.S. dollars. Local franchises of U.S. brands report limitations in remitting funds to the United States as a result of SBP policies. Balance of payments challenges in 2022 and 2023 further exacerbated repatriation delays. The 2023 PIP reiterated the right of foreign investors to repatriate investment-related capital, and in 2024, U.S. investors and other foreign investors reported fewer repatriation issues as Pakistan’s balance of payments position stabilized. According to the SBP, foreign repatriations were \$2.2 billion during Pakistan’s fiscal year 2025 (July 2024 to July 2025), the same as fiscal year 2024.

Both Pakistani and foreign firms, including U.S. firms, reported facing arbitrary restrictions on letters of credit because of the balance of payments situation in 2022 and 2023, but reported fewer problems in 2024. Stakeholders reported delays in banks’ issuance of letters of credit due to informal limitations by the SBP on commercial banks’ borrowing of foreign currency through the interbank market.

Stakeholders report that contract enforcement can be difficult for U.S. investors and other foreign investors in Pakistan because of significant delays and lack of enforcement of court rulings.

OTHER NON-MARKET POLICIES AND PRACTICES

Pakistan does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Pakistani markets from distortions and ensure a fair and secure trading relationship. Pakistan has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address distortions caused by such NMPPs. Pakistan does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Pakistan's law regarding the protection of internationally recognized labor rights, including with respect to freedom of association and the effective recognition of the right to collective bargaining, and a prohibition on the worst forms of child labor. The United States also has concerns with respect to labor law enforcement, ~~particularly at provincial levels~~. Pakistan does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Pakistan's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Pakistan an unfair advantage.

OTHER BARRIERS

Bribery and Corruption

U.S. companies cite corruption and a weak judicial system as substantial disincentives to foreign investment in Pakistan. Pakistan's federal anticorruption agency, the National Accountability Bureau (NAB), provides a legal framework to combat corruption. However, business and civil society stakeholders have expressed reservations about the body's effectiveness and perceived politicization. The NAB's broad exercise of its remit to investigate government operations and business dealings has led to a number of cases where it reopened established policies and targeted reputable businesses, potentially dissuading foreign investors and making officials reticent to exercise authority. To prevent the misuse of anti-corruption laws for political purposes and to ensure ease of doing business, in 2022 the coalition government enacted NAB Amendments 2022, which significantly narrowed NAB's jurisdiction specifically to large-scale corruption cases involving public office holders (above approximately USD 1.8 million), while excluding cabinet and policy decisions, and easing arrest, bail, and evidentiary rules to align with standard criminal law safeguards.

PANAMA

TRADE SUMMARY

The U.S. goods trade surplus with Panama was \$8.4 billion in 2025, a 16.2 percent decrease (\$1.6 billion) over 2024. U.S. goods exports to Panama totaled \$9.0 billion in 2025, down 14.3 percent (\$1.5 billion) from 2024. U.S. goods imports from Panama totaled \$660.1 million in 2025, up 19.0 percent (\$105.2 million) from 2024. Total U.S. goods trade (exports plus imports) with Panama was an estimated \$9.7 billion in 2025. Panama was the 40th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Panama was \$1.0 billion in 2025, a 66.1 percent increase (\$408 million) over 2024. U.S. services exports to Panama totaled \$3.7 billion in 2025, up 8.6 percent (\$296 million) from 2024. U.S. services imports from Panama totaled \$2.7 billion in 2025, down 3.9 percent (\$111 million) from 2024. Total U.S. services trade with Panama was an estimated \$6.4 billion in 2025. Panama was the 42nd largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Panama Trade Promotion Agreement

The United States–Panama Trade Promotion Agreement (TPA) entered into force on October 31, 2012. The United States and Panama continue to work closely together to review the implementation and functioning of the TPA and to address outstanding issues.

IMPORT POLICIES

Tariffs

Pursuant to the TPA, U.S. exports to Panama of non-agricultural products have entered duty free since January 1, 2021. Remaining duties on the most sensitive agricultural products will phase out between 2026 and 2031, 15 years to 20 years after entry into force of the TPA. Under the TPA, Panama is obligated to liberalize trade in onions and potatoes through continual expansion of a tariff-rate quota (TRQ).

Tariff-Rate Quota Administration for Agricultural Commodities

Since August 2020, Panama has imposed volume restrictions on U.S. onion and potato imports outside of the TPA TRQ quantities. Panamanian authorities have also designated approved importers and specified volumes per importer. The United States has raised concerns regarding these issues before the World Trade Organization (WTO) Committee on Import Licensing and discussed them with Panamanian authorities in light of the TPA commitments.

On July 31, 2025, Panama issued Executive Decree No. 14, which appears to limit importation of rice by closing Panama's market to rice imports during the harvest and pre-harvest period (June 1 through December 31), and applying a local purchase requirement for rice and a non-automatic import licensing scheme to rice imports for the remainder of the year. The United States has access to a rice TRQ under the TPA, and U.S. industry has shared concerns about how this decree will affect exports of U.S. rice. The United States and Panama continue to monitor the implementation of the decree to ensure that the market access provisions of the TPA are upheld and the United States is allowed to fill Panama's domestic rice shortages in accordance with TPA obligations.

In 2025, Panama's Ministry of Commerce and Industry enacted safeguard duties for U.S. rough rice, pork, cheddar, other cheeses, yogurt, and fluid milk.

Taxes

Value-Added Taxes

Panama applies a movable goods and services transfer tax, which serves as a value-added tax (VAT), at a rate of 7 percent to most goods and services, including U.S. exports to Panama. It rebates the VAT on exports, including exports to the United States. The VAT does not apply to imports valued at less than the PAB 100 (\$100) *de minimis* threshold. Certain goods and services are exempt from the VAT, including certain pharmaceuticals, food, and education.

Non-Tariff Barriers

Import Licensing

On January 10, 2024, Panama enacted Cabinet Decree No. 4, which established a quantitative limit for imported pork products in 2024 and years thereafter. Under this decree, pork is imported under a non-automatic licensing scheme. The United States has raised concerns with Panama on this measure and its potential impact on U.S. pork exports.

On September 22, 2025, Panama's Ministry of Agricultural Development published Resolution No. 138-ADM-2025, which described the procedures and requirements for submitting import license applications, including non-automatic import licenses, for certain pork and pork products. Importers must prove local purchases by providing relevant receipts, and the allocation of the volumes of imports are not distributed proportionally.

Customs Barriers and Trade Facilitation

Panama ratified the WTO Trade Facilitation Agreement (TFA) in November 2015. Panama has not yet submitted its transparency notification related to import, export, and transit regulations. This notification was due to the WTO on June 1, 2022, according to Panama's self-designated TFA implementation schedule.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Since February 2017, the United States has raised concerns with certain import requirements for fresh onions and, since March 2019, for fresh potatoes. Panama's measures with respect to both products establish requirements, limits, and criteria that raise concerns regarding their consistency with international standards. For example, U.S. exporters remain concerned about Panama's restrictions on imports of fresh potatoes, specifically a zero-tolerance for sprouting on fresh potatoes and their storage after harvest. This restriction states potatoes cannot be stored more than 30 days after harvest. In the case of onions, they cannot be stored more than 75 days after harvest. Since October 2020, the United States has raised these issues at the WTO Committee on Technical Barriers to Trade and elevated the concerns to the WTO Council for Trade in Goods. U.S. concerns regarding the measures remain unaddressed, and U.S. onion and potato producers continue to be negatively affected. After a number of delays, in December 2021, Panama issued

Resolution 235, which finalized the import requirements on fresh potatoes, and began implementing the measure on February 19, 2022. Imports of onions and potatoes are decided by the Agri-Food Chain for Onions and Potatoes, which is composed mainly of local onion and potato producers. The producers decide who may import, what quantities may be imported, and when products may be imported. The process includes local purchase requirements and a non-automatic import licensing scheme.

Sanitary and Phytosanitary Barriers

In addition to the technical barriers to trade discussed above, in July 2018 Panama imposed a new requirement for onions for consumption, which required laboratory testing for *Ditylenchus dipsaci*, a nematode. The U.S. Department of Agriculture (USDA) Animal and Plant Health Inspection Service proposed an alternative Additional Declaration for visual inspection only. Panama indicated acceptance of the proposal in 2022, but the change has not been implemented.

In 2023, Panama adopted its Agri-Food State Policy Law No. 352 (PADE) and implementing regulations. The measures contain restrictions on sales of imported products at national traditional markets, import restrictions based on local harvest dates, and the creation of private customs observers. These restrictions have raised concerns about the parameters under which certain goods can gain duty-free access. However, as of December 31, 2025, Panama has not implemented PADE. The USDA has engaged with Panama to ensure PADE and its implementing regulations do not unnecessarily impede U.S. exports. The United States continues to monitor the status of the law and is closely coordinating with Panama on any changes.

In August 2020, the Panamanian Food Safety Authority began implementing Executive Decree No. 255 (Decree No. 255) of the Ministry of Health (MINSA), which requires registration of establishments involved in the storage, display, distribution, and sale of raw meat and raw meat products. These products were previously subject only to routine registration, a process that could be completed in 24 hours. The process under Decree No. 255 takes 180 days, resulting in delays of U.S. exports, including U.S. beef, pork, and poultry, that supply the hotel, restaurant, and institutional market, as well as products destined for supermarkets. On August 25, 2022, MINSA shared draft revisions of Decree No. 255, which separated out regulations for poultry products and proposed a draft regulation (Decree No. 147). The United States provided comments on the proposed draft measure in October 2022, however it was published unchanged in December 2022. The United States is monitoring the implementation of Decree No. 255 to ensure that the registration requirements for raw meat are consistent with the basic product information requirements in the 2006 United States–Panama Agreement Regarding Certain Sanitary and Phytosanitary Measures and Technical Standards Affecting Trade in Agricultural Products.

In January 2024, Panama issued Cabinet Decree No. 4, which authorized import control measures on pork through the establishment of an import quota of 8,791 metric tons for 2024. U.S. exporters have also reported delays with U.S. pork facility registration, citing how the recent decree limits how much U.S. pork can enter Panama despite Panamanian market shortages and establishes a non-automatic import license scheme, and imposes local purchase requirements.

The United States is monitoring the situation and continues to engage with Panama on concerns with certain aspects of Decree No. 255 and Decree No. 4.

In April 2023, U.S. stakeholders expressed concerns with a WTO notification concerning a MINSA draft resolution that would establish general and sanitary requirements for foods that are, contain, or are derived from genetically modified organisms, including labeling requirements. However, there have been no advancements of the resolution to date.

The National Assembly of Panama is considering draft bill No. 405 of 2025, which would establish new labeling requirements for some dairy products that could affect imported products, especially those that use a percentage of vegetable oil with milk content. The bill also requires separate displays for imported and domestic products at the retail level.

INTELLECTUAL PROPERTY PROTECTION

Panama still must develop a system for Internet service provider notice-and-takedown procedures and preestablished damages for copyright infringement and trademark counterfeiting, as required by the TPA. Challenges also remain in the areas of trademarks, including counterfeit goods, in addition to pirated goods. In addition, stakeholders have raised concerns about inadequate enforcement of intellectual property rights at the border, and have reported a decline in the volume and quality of seizures by customs authorities.

SERVICES BARRIERS

Data Localization

Panama's Government Innovation Authority (AIG) Resolutions No. 52 (2021) and No. 3 (2019) require all cloud services used by government entities for mission critical work and "sensitive" data hosted on servers outside the country to relocate to Panama by December 31, 2024. Resolution 42 (2024), requires that all databases containing sensitive state security information or sensitive institutional information remain physically located within the country to protect national security from risks arising from disclosure, alteration, or loss. Per Resolution No. 42 (2024), "all databases containing sensitive state security information or sensitive institutional data" must remain in-country. However, information that is not related to state security can be uploaded to the cloud, although the AIG must sign off on the upload. Data are considered sensitive when classified as confidential in national security matters and could compromise the country's security if mishandled. Panamanian data localization measures could compromise cybersecurity and put U.S. companies at a disadvantage relative to Panamanian firms that store data in Panama. The United States will continue to monitor the status of these resolutions and seek clarifications from Panama where necessary.

OTHER NON-MARKET POLICIES AND PRACTICES

Panama does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Panamanian markets from distortions and ensure a fair and secure trading relationship. Panama has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address distortions caused by such NMPPs. Panama does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Panama's law regarding the protection of internationally recognized labor rights, including with respect to freedom of association and the effective recognition of the right to collective bargaining and the effective abolition of child labor and a prohibition on the worst forms of child labor. The United States also has concerns with respect to labor law enforcement. Panama does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Panama's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from Panama an unfair advantage.

PARAGUAY

TRADE SUMMARY

The U.S. goods trade surplus with Paraguay was \$3.9 billion in 2025, a 36.4 percent increase (\$1.0 billion) over 2024. U.S. goods exports to Paraguay totaled \$4.4 billion in 2025, up 38.7 percent (\$1.2 billion) from 2024. U.S. goods imports from Paraguay totaled \$559.0 million in 2025, up 57.2 percent (\$203.5 million) from 2024. Total U.S. goods trade (exports plus imports) with Paraguay was an estimated \$5.0 billion in 2025. Paraguay was the 53rd largest U.S. goods export market in 2025.

The U.S. services trade surplus with Paraguay was \$59 million in 2024 (latest data available), a 345.8 percent increase (\$83 million) from a services trade deficit of \$24 million in 2023. U.S. services exports to Paraguay totaled \$362 million in 2024 (latest data available) up 34.6 percent (\$93 million) from 2023. U.S. services imports from Paraguay totaled \$303 million in 2024 (latest data available) up 3.4 percent (\$10 million) from 2023. Total U.S. services trade with Paraguay was an estimated \$655 million in 2024 (latest data available). Paraguay was the 103rd largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States and Paraguay signed a Trade and Investment Framework Agreement (TIFA) on January 13, 2017. The TIFA is the primary mechanism for discussions of trade and investment issues between the United States and Paraguay.

IMPORT POLICIES

Tariffs

Paraguay's average Most-Favored-Nation (MFN) applied tariff rate was 8.6 percent in 2024 (latest data available). Paraguay's average MFN applied tariff rate was 9.0 percent for agricultural products and 8.6 percent for non-agricultural products in 2024 (latest data available). Paraguay has bound 100 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 33.4 percent.

Paraguay is a founding member of the Southern Common Market (MERCOSUR), formed in 1991, which also comprises Argentina, Bolivia (which is still in the process of incorporating MERCOSUR's regulations), Brazil, and Uruguay. In 2025, MERCOSUR's Common External Tariff (CET) ranged from zero percent to 35 percent *ad valorem*. Any good imported into Paraguay (not including free trade zones) is subject to the payment of the CET to Paraguay's customs authority. If the product is then re-exported to another MERCOSUR country, the CET must be paid again to the second country. MERCOSUR approved a Common Customs Code (CCC) in 2010 and launched a plan to eliminate the double application of the CET within MERCOSUR in 2021. However, only Argentina has ratified the CCC; therefore, it has not yet taken effect.

Taxes

Value-Added Taxes

Paraguay applies a standard value-added tax (VAT) rate of 10 percent to most goods and services, including U.S. exports to Paraguay. Paraguay rebates VAT duties on exports, including exports to the United States. Paraguay does not provide a general *de minimis* exemption from the VAT for low-value imports. Certain

goods are subject to a reduced VAT rate of 5 percent, including some basic items and agricultural products, and special incentive regimes provide for VAT exemptions or credits for qualifying investments or specific transactions.

Non-Tariff Barriers

Import Licensing

Paraguay requires import licenses on a variety of products. Import licenses, once issued, are only valid for 30 days. Importing goods within this 30-day window can be difficult if there are shipment delays, which occur regularly in Paraguay, a landlocked country largely dependent on riverine transport that can be slower during dry seasons. Due to those delays, importers may need to reapply for an import license.

INTELLECTUAL PROPERTY PROTECTION

Paraguay was listed on the Watch List in the [2025 Special 301 Report](#). Paraguay has recently focused on improving intellectual property (IP) enforcement, including through the Interagency Coordination Center, and right holders report an increase in IP enforcement efforts, particularly by the National Directorate for Intellectual Property. However, right holders continue to stress the scale of the IP enforcement challenges, particularly difficulties ensuring effective and consistent prosecutions and judicial actions. The markets at Ciudad del Este are listed in the [2025 Review of Notorious Markets for Counterfeiting and Piracy](#) (Notorious Markets List) as one of the main distribution and sales hubs for counterfeit goods in the region, and have reportedly become a home to manufacturing and “finishing” facilities for counterfeit goods. The United States remains concerned about the lack of sufficient transparency and fairness in the protection of geographical indications (GIs) and the need to ensure that the grant of GI protection does not deprive interested parties of the ability to use common names, particularly as Paraguay proceeds with the European Union–MERCOSUR Trade Agreement. The United States and Paraguay agreed on an Intellectual Property Work Plan in September 2022 that serves as a roadmap for Paraguay to address a number of these outstanding issues.

SERVICES BARRIERS

Digitally-Enabled Services and Digital Products

Paraguay’s Data Protection Law 7593 was published in November 2025 and will enter into force in 2027. The new law will restrict the transfer of personal data outside of Paraguay unless the destination country has a law that is substantially similar or provides an equivalent level of protection to Paraguay law or when other specific requirements are met, such as the use of standard contractual clauses binding corporate rules. Paraguay will establish a data protection agency to enforce the law, including determinations regarding the adequacy of other countries.

OTHER NON-MARKET POLICIES AND PRACTICES

Paraguay does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Paraguayan markets from distortions and ensure a fair and secure trading relationship. Paraguay has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address distortions caused by such NMPPs. Paraguay does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Paraguay's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. Paraguay does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Paraguay's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Paraguay an unfair advantage.

PERU

TRADE SUMMARY

The U.S. goods trade surplus with Peru was \$1.5 billion in 2025, a 13.0 percent decrease (\$231.6 million) over 2024. U.S. goods exports to Peru totaled \$12.3 billion in 2025, up 10.1 percent (\$1.1 billion) from 2024. U.S. goods imports from Peru totaled \$10.7 billion in 2025, up 14.4 percent (\$1.4 billion) from 2024. Total U.S. goods trade (exports plus imports) with Peru was an estimated \$23.0 billion in 2025. Peru was the 32nd largest U.S. goods export market in 2025.

The U.S. services trade surplus with Peru was \$1.7 billion in 2025, a 21.8 percent increase (\$309 million) over 2024. U.S. services exports to Peru totaled \$4.3 billion in 2025, up 13.4 percent (\$512 million) from 2024. U.S. services imports from Peru totaled \$2.6 billion in 2025, up 8.5 percent (\$203 million) from 2024. Total U.S. services trade with Peru was an estimated \$6.9 billion in 2025. Peru was the 36th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Peru Trade Promotion Agreement

The United States–Peru Trade Promotion Agreement (PTPA) entered into force on February 1, 2009. Under the PTPA, Peru currently provides duty-free access to all U.S. exports. The United States and Peru meet regularly to review the implementation and functioning of the Agreement and to address outstanding issues.

IMPORT POLICIES

Tariffs

All duties for U.S. goods exported to Peru have been eliminated.

Taxes

Value-Added Taxes

Peru applies a standard value-added tax (VAT) rate of 18 percent to most goods and services, including U.S. exports to Peru. Peru rebates VAT duties on exports, including exports to the United States. The VAT does not apply to imports valued at less than \$200.

There are exceptions, however. Certain goods and services qualify for exemptions or special VAT treatment—these include basic foodstuffs, selected agricultural products, financial and insurance services, education, healthcare, public transportation, domestic cargo transport, and cultural performances. These exemptions apply to domestic sales and imports within Peru. Special regimes also apply to micro and small hospitality enterprises (with reduced VAT rates of 8 percent through 2026 and 12 percent in 2027), digital service providers, and activities under early VAT recovery incentive programs.

Non-Tariff Barriers

Customs and Trade Facilitation

The Peruvian Government has a three-package limit on the number of *de minimis* shipments that an individual can receive per year without submitting a tax I.D. number (RUC). The limit applies to personal shipments under Peru's *de minimis* of \$200. It is uncertain whether shipments beyond the three personal import shipments for individuals per year would be considered commercial and create new income tax obligations. This RUC requirement limits the ability for individuals to import goods for personal use through express channels.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Cosmetics and Personal Care

The Andean Community delayed the entry into force of Resolution 2310 by one year to December 17, 2025, via Resolution 2458 of 2024. Resolution 2310 establishes technical regulations for labeling cosmetic and personal care products and prohibits the use of existing labels that do not comply with specific Andean Community labeling requirements. On December 17, 2025, Resolution 2540, which amends certain Resolution 2310 articles to provide greater flexibility, also entered into force. The amendments in Resolution 2540 address certain U.S. stakeholder concerns by allowing the use of stickers, providing greater clarity of requirements for packages of differing sizes, and no longer requiring translation of certain information.

Regulatory Processes

A variety of U.S. stakeholders have continued to note inconsistencies in the application and enforcement of regulatory processes in Peru. Peru's Congress approved Decree No. 063-2021 on regulatory quality improvement and the application of Regulatory Impact Analysis (RIA) in 2021. The United States is working with Peru on its whole-of-government initiative to integrate the RIA with public consultation for future regulatory actions.

Sanitary and Phytosanitary Barriers

Agricultural Biotechnology

In January 2021, the Peruvian Congress passed Law No. 31111, which extended for 15 years Peru's moratorium on the cultivation and import for cultivation of genetically engineered crops and the import of genetically engineered seeds. Peru has not supported its biotechnology moratorium with a risk assessment or otherwise put forward a scientific justification for it, as called for in the measure's implementing regulations. The United States has raised concerns regarding the moratorium with Peru at each annual meeting of the PTPA's Standing Committee on Sanitary and Phytosanitary Measures from 2012 through 2024. The United States will continue urging Peru to address U.S. concerns and to notify its moratorium and implementing regulations to the World Trade Organization (WTO) Committee on Sanitary and Phytosanitary Measures.

Agricultural Product Certification

In January 2018, Peru's Ministry of Foreign Trade and Tourism created new sanitary import requirements for U.S. processed meat and egg products. These requirements mandated that a Single Export Sanitary Certificate (SESC) from Peru's National Sanitary Authority and the National Agrarian Health Service (SENASA) attesting to the fulfillment of sanitary requirements accompany shipments of processed meat and egg products, but the requirements for obtaining an SESC were not clear. After several years of persistent U.S. engagement, on August 10, 2024, Peru published a certificate for U.S. exports of processed meat products. The United States continues to engage with Peru to agree on a certificate for U.S. egg products.

GOVERNMENT PROCUREMENT

Peru opens procurement to U.S. goods, services, and suppliers covered under the bilateral PTPA.

Legislative Decree 1444 issued in September 2018 modified the public procurement law to allow government agencies to use government-to-government (G2G) agreements in procurement processes. As a result of the measure, an increasing number of ministries and government entities require foreign companies, including U.S. companies, to obtain sponsorship by their respective governments to compete for major procurements. This requirement creates a barrier to U.S. companies' ability to compete in some tenders, because U.S. Government agencies do not have the authority to enter into such G2G agreements and act as a guarantor in contracts between foreign governments and U.S. companies for the sale of non-defense-related goods and services. The G2G requirement also raises questions regarding Peru's implementation of the PTPA government procurement provisions. The last administration, which ended in February 2026, encouraged the use of public-private partnership models as an alternative approach given an understanding of the challenges posed by strict G2G models.

Peru is neither a Party to the WTO Agreement on Government Procurement (GPA) nor an observer to the WTO Committee on Government Procurement.

INTELLECTUAL PROPERTY PROTECTION

Peru remained on the Watch List in the [2025 Special 301 Report](#). Pirated and counterfeit goods and unauthorized distribution of copyright-protected material continue to remain widely available in Peru, and right holders cite particular concerns with respect to counterfeit medicines and personal care products, Internet piracy, and illicit recordings in cinemas. The Gamarra Emporium and Polvos Azules markets in Lima are listed in the [2025 Notorious Markets for Counterfeiting and Piracy](#) (Notorious Markets List).

In 2024, Peru issued Decree No. 1649, amending Article 217 of the Penal Code to criminalize the unauthorized camcording or reproduction of motion picture audiovisual works in cinemas or similar venues without requiring proof of commercial intent. The United States welcomes this positive step and will monitor enforcement efforts. The United States continues to call for Peru to fully implement the PTPA's intellectual property (IP) obligations, including enacting statutory damages for copyright and trademark infringement. The United States also calls on Peru to undertake IP reforms that include increasing and enhancing enforcement efforts such as expanding the imposition of deterrent-level fines and penalties for counterfeiting and piracy, enhancing border enforcement measures, and continuing to build the technical IP-related capacities among law enforcement officials, agencies, prosecutors, and judges.

SERVICES BARRIERS

Other Digitally-Enabled Services and Digital Products

Personal Data Protection

The Personal Data Protection Law 29733 (PDPL), which was enacted in 2011, and the Supreme Decree 016-2024-JUS-Regulation of the PDPL (Regulation), which was enacted in November 2024 and came into effect in March 2025, are the primary data protection laws in Peru. Peru's updated data protection regulation introduces stricter conditions for cross-border data transfers. Transfers are permitted only to countries determined to have the same or adequate level of data protection as Peru. The National Authority for Personal Protection can now publish lists of authorized or unauthorized countries. In the absence of this determination, organizations are required to use standard contractual clauses and other safeguards to transfer data outside of Peru in compliance with the regulation. Despite repeated requests from the United States, as of December 31, 2025, Peru had yet to initiate a process for assessing the adequacy of the level of data protection in the United States. Without an adequacy determination, U.S. companies face increased costs and fragmented operations, and may be forced to localize personal data in Peru.

The final regulation of Peru's Digital Trust Framework was approved on November 4, 2025, via Supreme Decree No. 126-2025-PCM. The Framework requires integration of private sector digital data platforms into the National Digital Security Center, raising concerns about state intrusion and lack of statutory safeguards. Furthermore, the Framework lists vague data governance provisions that may lead to the promulgation of data localization requirements and restrictions on cross-border data flows, and contains undefined terms such as "internet intermediaries."

OTHER NON-MARKET POLICIES AND PRACTICES

Peru does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Peruvian markets from distortions and ensure a fair and secure trading relationship. Peru has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address distortions caused by such NMPPs. Peru does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Peru's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. In addition, the United States has raised concerns regarding anti-union discrimination and access to labor justice and remediation, in the context of a public submission under Chapter 17 of the PTPA. Peru does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Peru's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Peru an unfair advantage.

ENVIRONMENT

Illegal Logging and Associated Trade

Illegal logging and trade in illegally harvested timber puts U.S. companies that comply with environmental laws at an unfair disadvantage, depresses global wood prices, funds transnational criminal organizations, and harms the environment and local communities. U.S. stakeholders have expressed concerns about illegally harvested timber from Peru, driven by limited enforcement of environmental laws and corruption. There are reports that a large percentage of timber production in Peru is of illegal origin and that much of the illegal timber is laundered into supply chains, which would potentially disadvantage American producers and manufacturers. U.S. stakeholders attest that illegal timber from Peru enters the United States directly and through countries such as Mexico, Colombia, and the Dominican Republic.

Law No. 31973, passed in January 2024 to amend the Forestry and Wildlife Law, has appeared to weaken forest sector governance in Peru. U.S. stakeholders have expressed concerns that the amendments have enabled illegally operating agribusinesses to legalize their activities by making it easier to cut down forests for agricultural production and legalizing past deforestation. In March 2025, Peru's Constitutional Tribunal ruled that part of Law No. 31973 is unconstitutional. U.S. stakeholders are concerned that the provision that remains in force enables continued and unmitigated illegal deforestation. As of August 2025, an appeal court is weighing a decision on the constitutionality of the provision of the law that remains in force. The Office of the United States Trade Representative continues to monitor this process and analyze the effects of this law, including under the PTPA.

Illegal Mining

U.S. stakeholders have expressed concerns about illegal mining in Peru, driven by weak governance, widespread corruption, and the high profitability of illicit gold. Public reports estimate that illicit gold accounts for 30 percent of total gold mining activity in Peru. Illegal mining undercuts U.S. companies that comply with environmental laws and labor standards.

THE PHILIPPINES

TRADE SUMMARY

The U.S. goods trade deficit with Philippines was \$8.6 billion in 2025, a 75.3 percent increase (\$3.7 billion) over 2024. U.S. goods exports to Philippines totaled \$9.1 billion in 2025, down 1.1 percent (\$98.4 million) from 2024. U.S. goods imports from Philippines totaled \$17.8 billion in 2025, up 25.4 percent (\$3.6 billion) from 2024. Total U.S. goods trade (exports plus imports) with Philippines was an estimated \$26.9 billion in 2025. The Philippines was the 39th largest U.S. goods export market in 2025.

The U.S. services trade deficit with Philippines was \$4.5 billion in 2025, a 16.1 percent increase (\$627 million) over 2024. U.S. services exports to Philippines totaled \$5.2 billion in 2025, up 8.7 percent (\$417 million) from 2024. U.S. services imports from Philippines totaled \$9.7 billion in 2025, up 12.0 percent (\$1.0 billion) from 2024. Total U.S. services trade with Philippines was an estimated \$15.0 billion in 2025. The Philippines was the 34th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Philippines Trade and Investment Framework Agreement

The United States and the Philippines signed a Trade and Investment Framework Agreement (TIFA) on November 9, 1989. The TIFA is the primary mechanism for discussions of trade and investment issues between the United States and the Philippines.

IMPORT POLICIES

Tariffs

The Philippines' average Most-Favored-Nation (MFN) applied tariff rate was 6.0 percent in 2024 (latest data available). The Philippines' average MFN applied tariff rate was 9.5 percent for agricultural products and 5.4 percent for non-agricultural products in 2024 (latest data available). The Philippines has bound 67.6 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 24.9 percent.

Products with unbound tariffs include certain automobiles, chemicals, plastics, vegetable textile fiber, footwear, headgear, fish, and paper products. MFN applied tariffs on fresh fruit, such as grapes, apples, oranges, lemons, grapefruits, and strawberries, as well as on processed potato products (including frozen fries), range between 7 percent and 15 percent. Exceptions include dates and figs, which carry a 3 percent MFN applied tariff.

Agriculture

U.S. agricultural exports are significantly inhibited by the high in-quota tariffs for agricultural products under the Philippines' tariff-rate quota (TRQ) program, known as the Minimum Access Volume (MAV) system. Under the MAV system, the Philippines has scheduled TRQs on select agricultural products, including sugar, corn, coffee and coffee extracts, potatoes, pork, and poultry products, with in-quota tariffs ranging from 30 percent to 50 percent.

The Philippine Department of Agriculture (DA) Administrative Order No. 52 (2000) amended the Rules and Regulations for the Implementation of the MAV, which canceled penalties for underutilization if the MAV licensee purchased local supply. This provision allows existing MAV license holders to keep their full allocation for the next year without having to import. On April 2, 2025, the Philippine DA proposed changes to the MAV allocation process, prompting concerns from U.S. industry stakeholders about the planned implementation in 2026, and the potential impact on domestic supply and prices. As of December 31, 2025, the Philippine DA has not issued new MAV rules.

In 2025, the Philippine DA released the distribution of the “beginning year pool” allocations for all MAV commodities in late March, one month after the prescribed timeline outlined in Administrative Order No. 1 (1998). The pork MAV allocation was distributed in tranches, contrary to the established allocation method, with the final tranche released before the end of April 2025. This delay caused uncertainties for U.S. exporters.

Philippine Executive Order No. 62 of June 20, 2024 extends until 2028 lower tariffs imposed on imported pork and mechanically deboned meat at 15 percent in-quota and 25 percent out-of-quota, and corn at 5 percent in-quota and 15 percent out-of-quota. In 2025, the Philippine DA and domestic agricultural groups considered increasing pork tariffs to 30 percent in-quota and 40 percent out-of-quota, and reclassifying pork jowls as meat, though it did not modify rates of product classifications as of December 31, 2025.

On November 7, 2025, the Philippine President signed Executive Order No. 105, extending the 15 percent MFN rate for in-quota and out-of-quota rice imports until December 31, 2025, and allowing for the MFN duty on rice to become flexible but remain in the tariff rate of 15 to 35 percent, with adjustments in response to international rice prices. The tariff rate will increase by 5 percentage points for every 5 percent decrease in international rice prices or decrease by 5 percentage points for every 5 percent increase in prices within the 15 percent to 35 percent range. While this ongoing review for rice provides the Philippine Government flexibility amid any changes in the economic environment, the review also causes market uncertainties for U.S. exporters as to whether the rice tariff rate will be modified. E.O. 105 established an interagency group to develop implementing guidelines for the rice tariff adjustment which are still in process.

Motor Vehicles

The Philippines continues to apply high tariffs on new finished automobiles and motorcycles. A 30 percent tariff is imposed on completely built passenger vehicles with capacity of less than 10 persons (*i.e.*, automobiles), as well as motorcycles. Passenger vehicles with a capacity of 10 or more (*i.e.*, buses) and commercial vehicles (*i.e.*, trucks) both incur a 20 percent tariff. The Philippines continued to extend duty-free treatment to imports of capital equipment, spare parts, and accessories by motor vehicle manufacturers and other enterprises registered with the Board of Investments under Philippine Executive Order No. 226, as amended by the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act.

In January 2023, the Philippine President signed Executive Order No. 12, eliminating tariffs for certain fully assembled electric vehicles (EVs), including passenger vehicles, buses, minibuses, vans, trucks, motorcycles, tricycles, scooters, and bicycles. On May 15, 2024, the Philippine Government expanded Executive Order No. 12 to include hybrid EVs and completely knocked down EVs (*i.e.*, vehicles disassembled into parts for easier shipment and assembly) for all types of vehicles. Executive Order No. 12 is set to expire in 2028.

Taxes

Value-Added Taxes

The Philippines applies a standard value-added tax (VAT) rate of 12 percent to most goods and services. The Philippines refunds VAT on exports (for goods and services), including exports to the United States, for enterprises whose export sales exceed 70 percent of total annual production. A zero percent VAT rate applies to local purchases directly attributable to the registered project or activity.

In October 2024, the Philippines passed the VAT on Digital Services Act, applying a 12 percent VAT on digital services and goods consumed within the Philippines. The law requires compliance by both local and foreign digital service providers, including electronic commerce platforms. The tax extends to services delivered via the Internet or electronic networks that are largely automated and IT-driven.

VAT-exempt transactions include the sale or importation of agricultural and marine food products in their original state, fertilizers, and seeds. Certain educational services, medical and health services, financial services, and small businesses may also be exempt from VAT and instead may be subject to other taxes.

Non-Tariff Barriers

Quantitative Restrictions

The Philippines prohibits the importation of used motor vehicles, except in certain cases, which require prior authority to import from the Philippine Department of Trade and Industry. Importation of used motor vehicle parts is also regulated.

The Philippine DA regularly uses the Certificate of Necessity to Import (CNI), the Sanitary-Phytosanitary Import Clearance (SPSIC) system, or both to enact unscheduled quantitative restrictions to increase prices of sensitive agricultural and fishery products, especially during and near harvest periods (*for further information on the SPSIC system, see the Sanitary and Phytosanitary Barriers subsection of this NTE Report Chapter*).

The Philippine Secretary of Agriculture uses CNI guidelines to prescribe the type of fish species to be imported, the volume to be imported, and the period of importation. Fish species intended for sale in “wet” markets, including supermarkets, require a CNI prior to importation. On April 18, 2024, the Philippine President issued Administrative Order No. 20, directing the Philippine DA to review regulations that impose quantitative restrictions on fish imports, limit competition and participation in international trade, and restrict the species allowed for importation. Following that direction, the Philippine DA significantly expanded the list of species eligible for importation through an authorized quota in Memorandum Order No. 12 issued on February 20, 2025 and Memorandum Order No. 46 issued on September 2, 2025. The additional species are unavailable locally or only in limited quantity, creating new opportunities for U.S. seafood exporters. However, Memorandum 46 does not clarify that the expanded list of importable species will continue after the authorized quota under Memorandum Order No. 46 expires. As of December 31, 2025, the Philippine DA had yet to fully implement other fisheries-related provisions of Administrative Order No. 20 and quantitative restrictions on fish imports remain in effect.

The Philippine President signed Executive Order No. 93 and Executive Order No. 102 in 2025, suspending the importation of regular milled and well-milled rice from September 1, 2025, through December 31, 2025. The import suspension aimed to protect local farmers from downward price pressures from imported rice, maintain market stability, and safeguard consumer welfare.

Customs Barriers and Trade Facilitation

Despite attempts by the Philippine Bureau of Customs to address customs and corruption concerns, reports of corruption and irregularities in customs processing are widespread, including incidents of undue and costly delays, irregularities in the valuation process, 100 percent inspection and testing of some products, and inconsistent assessment of fees. The Philippine Customs Commissioner, appointed in July 2025, stated publicly that he seeks to reduce or eliminate corruption in the Bureau of Customs, including through digitization of customs processes.

In 2020, the Philippine Bureau of Customs implemented the Enhanced Value Reference Information System, which is a database of information on the value and classification of imports for reference purposes in support of the implementation of the WTO Customs Valuation Agreement (CVA). Despite the submission of documentary evidence of payments (*e.g.*, contracts, purchase orders, telegraphic transfers, letters of credit, and letters from suppliers), some importers still report that the Philippine Bureau of Customs continues to use reference prices for the valuation of several products, such as meat and poultry products, feed, and food manufacturing ingredients.

On May 13, 2024, the Philippine President issued Administrative Order No. 23, introducing pre-border technical verification (PTV) and cross-border electronic invoicing (CEI) intended to streamline inspections and monitor international trade transactions, though as of December 31, 2025, the Administrative Order had not been fully implemented. The CEI refers to a system used by a verified and registered foreign exporter to create an export invoice on a single electronic platform controlled by the Philippine Government, and it will be used by the Philippine Bureau of Customs for all imports. It appears that once it is implemented, it may be duplicative of an importer's import declaration. The PTV refers to a pre-export inspection by a conformity assessment company accredited by the Philippine Government before goods are shipped for import into the Philippines. It must be conducted on a shipment-by-shipment basis, not product-by-product basis. The PTV will cover agriculture imports in its first phase; next, it will cover goods with health and safety concerns in the second phase; and finally, will cover goods susceptible to misdeclaration to avoid duties and taxes in the third phase. On January 24, 2025, the Philippine Department of Finance issued Joint Administrative Order No. 001-2025, outlining the implementing rules for Administrative Order No. 23. On February 18, 2025, the Philippines sent a notification to the WTO Committee on Technical Barriers to Trade, indicating that the proposed entry into force of the Joint Administrative Order No. 001-2025 was on February 7, 2025, with no comment period for WTO Member countries.

U.S. stakeholders have expressed concerns about the PTV, citing the potential for increased inspection and logistics costs, delayed movement of goods, duplication of other importation processes, susceptibility of inspection agents to corruption in the country of export, and its deviation from standard industry practices. Additionally, the implementation of PTV as an integrated package with CEI, which is focused on goods susceptible to misdeclaration to avoid duties and taxes, could enable the Philippines to utilize preshipment inspection for tariff classification or customs valuation, raising concerns under Article 10.5 of the WTO Trade Facilitation Agreement. It is unclear if PTVs will supersede the application of risk management for the products covered by the regulation. As of December 31, 2025, PTV and CEI implementation had not commenced, awaiting the release of the Philippine Bureau of Customs' implementing rules for Joint Administrative Order No. 001-2025. Recognizing the concerns of stakeholders, the Philippine Government indicated it will consider external feedback before PTV implementation, including a review of the proposed breadth of its coverage.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Vehicle Standards

In conjunction with the Association of Southeast Asian Nations' harmonization efforts, the Philippines is working to align domestic motor vehicle standards and regulations with those set under the United Nations Economic Commission for Europe (UNECE) 1958 Agreement. Under the October 2018 United States–Philippines Joint Statement, both governments pledged to cooperate to implement a U.S. work program on automotive standards, with the United States recognizing the Philippines' commitment to the continued acceptance of vehicles that meet high-standard automotive standards, including the U.S. Federal Motor Vehicle Safety Standards (FMVSS). On May 28, 2024, the Philippines issued a revision to its 2021 proposed regulation, “The New Technical Regulations Concerning the Mandatory Product Certification of Automotive Products.” The revision was notified to the WTO. The United States submitted comments on the revision through the Technical Barriers to Trade Enquiry Point on June 27, 2024, that urged the Philippines to implement the commitment made in the October 2018 Joint Statement and provide for the acceptance of vehicles certified to FMVSS requirements. As of December 31, 2025, the Philippines had not yet issued regulations to implement that commitment.

Meat and Poultry Labeling

Since 2021, the Philippines has lacked clear meat and poultry labeling requirements and enforcement. In November 2022, the Philippines established the Philippine National Standard for Labeling of Prepackaged Fresh Chilled and Fresh Frozen Meat. The Philippines intends to draft revised labeling regulations adopting the Philippine National Standard; however as of December 31, 2025, no such regulations had been posted for public comment. The Philippine DA requests that meat labels include the phrase “FOR EXPORT TO THE PHILIPPINES” in accreditation documents granted for foreign meat establishments. However, the Philippine Government has indicated that imported shipments should not be detained solely due to the absence of this language on the label. The United States continued to monitor this issue.

Utilization Report

In June 2022, the Philippine DA's Bureau of Animal Industry (BAI) informed domestic stakeholders that it would enforce BAI Memorandum Circular No. 26 (2021). BAI Memorandum Circular No. 26 requires importers to submit a utilization report concerning their importation of ingredients used in the manufacture of animal feed to ensure such ingredients imported for animal feed are not diverted for human consumption or for other purposes. U.S. stakeholders have expressed concern regarding the burdensome nature of this requirement. The measure was not notified to the WTO.

Sanitary and Phytosanitary Barriers

Import Permits

On November 14, 2025, the Philippine Agriculture Secretary signed Department Circular No. 14 (2025), establishing new rules governing the importation of agricultural products. Department Circular No. 14 introduces stricter measures, including expanded grounds for suspending import permits, known as SPSICs, that are not directly related to sanitary and phytosanitary risks. The Philippines notified the circular to the

WTO Committee on Sanitary and Phytosanitary Measures on October 13, 2025, but the signing occurred before the December 12, 2025 deadline for WTO Member countries to submit comments.

Under Department Circular No. 14, the Philippine DA requires importers to obtain an SPSIC and transmit it to the exporter prior to export of an agricultural product. Each import permit is valid for one shipment with a validity period of 20 days to 180 days. The validity of SPSICs are 20 days for fresh/chilled fruits and vegetables, 90 days for meat and poultry, 45 days for frozen fish and aquatic products, 60 days for other plant and animal products, and 180 days for planting seeds.

The requirement of one SPSIC per shipment with a limited validity period adds costs, complicates the timing of exports, and prevents the rerouting to the Philippines of products intended for other markets. It also prevents an exporter from reselling an imported product if the importer refuses to accept delivery or abandons the shipment. The length of validity and issuance appear to be based on the political sensitivity of the products, rather than on sanitary and phytosanitary risk. For instance, the Philippine DA continued not to issue SPSICs for whole chickens.

Cold Chain Regulations

The Philippines has long maintained a two-tiered system for regulating the handling of frozen and freshly slaughtered meat for sale in local wet markets. This system imposes more burdensome requirements on the sale of frozen meat, including imported meat, compared to the sale of freshly slaughtered meat, which is sourced predominantly from domestically raised animals.

GOVERNMENT PROCUREMENT

The government procurement system in the Philippines generally favors Philippine nationals or Filipino-controlled enterprises for procurement contracts. Republic Act No. 9184 (2003), or the Government Procurement Reform Act, specifies a minimum Filipino ownership requirement of at least 60 percent in the procurement of goods, consulting services, and infrastructure projects. While the Philippines passed the New Government Procurement Act (NGPA) on July 20, 2024, which is intended to amend and improve the public bidding process, government agencies are still required to prioritize and favor Philippine products and services throughout all stages of the procurement process, including raw materials, ingredients, supplies, and fixtures. The NGPA requires government agencies to accept domestic bids if they are not more than 25 percent above the lowest foreign bid.

Additional key aspects of the NGPA include the fact that it allows the government to consider factors such as product quality and environmental impact in procurement decisions, rather than just price. Despite this potential positive news for exporters, U.S. companies note they still face significant challenges when competing for government procurement projects. U.S. healthcare companies, for example, have reported slow implementation of the NGPA and cite uneven application of procurement rules by some agencies, including the Philippine Department of Health. U.S. and other foreign companies also report broader systemic issues in government procurement, including fragmented procedures, burdensome administrative steps, and transparency issues. Similar problems occur in the defense sector, where foreign suppliers face major obstacles in bidding for Philippine Government contracts. The Philippine Government Electronic Procurement System imposes strict eligibility requirements, including the need for foreign bidders to establish a local branch office. This requirement often prevents companies from completing the necessary documentation in time to meet bid submission deadlines.

Additionally, Philippine Executive Order No. 120 directs government departments and agencies, including government-owned and controlled corporations, to exert best efforts to negotiate offsets equivalent to at

least 50 percent of the value of contracts on foreign capital equipment, machinery, products, goods, and services worth at least \$1 million. Government Procurement Policy Board Resolution 14-2005 states that a government agency must comply with the provisions of Republic Act No. 9184 if it decides to adopt countertrade as an internal procurement policy.

The Philippines is not a Party to the WTO Agreement on Government Procurement (GPA), but has been an observer to the WTO Committee on Government Procurement since June 2019.

INTELLECTUAL PROPERTY PROTECTION

While the Philippines has made progress in intellectual property (IP) protection and enforcement since its removal from the Watch List in the 2014 Special 301 Report, the United States continues to have concerns, including regarding inconsistent enforcement activities. Stakeholders report issues with online piracy and sales of counterfeit goods, including apparel, shoes, watches, jewelry, perfume, and electronics. Such counterfeiting and piracy concerns led to the continued inclusion of Manila's Greenhills Shopping Center in the [2025 Review of Notorious Markets for Counterfeiting and Piracy](#) (Notorious Markets List). Other stakeholder concerns include slow prosecution and conviction of cases. The government is reportedly considering amending the IP Code to adapt to new technological changes and improve IP protection and enforcement.

The United States continued to engage on the implementation of regulations related to geographical indications (GIs) that entered into force in November 2022, including their potential impact on market access for U.S. products. As part of the October 2018 Joint Statement, the United States recognized that the Philippines committed "to protect GIs in a manner mutually beneficial to both countries by ensuring transparency, due process, and fairness in the laws, regulations, and practices that provide for the protection of GIs, including by respecting prior trademarks and no restriction of the use of common names." In addition, the Joint Statement includes confirmation by the Philippines that it will not provide automatic GI protection, including to terms exchanged as part of a trade agreement. The United States will continue to monitor the implementation of this and other commitments related to GIs, including through engagement under the TIFA. In October and December 2025 and January 2026, the IP Office of the Philippines published for third-party observations three lists of EU GIs to be examined in connection with negotiations of a free trade agreement with the European Union. The United States remains concerned about the lack of sufficient transparency and fairness in the protection of GIs and the need to ensure that the grant of GI protection does not deprive interested parties of the ability to use common names.

SERVICES BARRIERS

Financial Services

Qualified foreign banks may own up to 100 percent of domestically incorporated banks or enter the market as foreign branches. However, ownership restrictions apply to nonbank investors, regardless of their nationality. Nonbank foreign individuals and enterprises, like nonbank Filipino investors, are restricted from owning more than 40 percent of the total voting stock in a universal, commercial, or thrift bank and more than 60 percent of the voting stock in a rural bank.

Banks that seek entry as foreign branches cannot open more than five subbranch offices. The Philippine Central Bank ensures that majority Filipino-owned banks control at least 60 percent of the total banking system assets.

Insurance Services

The Insurance Code provides that all insurance companies operating in the Philippines must seek to cede risks to reinsurance companies authorized to conduct business in the country before entering outward foreign reinsurance arrangements. Moreover, insurance companies operating in the country must cede 10 percent of outward reinsurance placements to the state-controlled National Reinsurance Corporation of the Philippines.

Generally, only the state-owned Government Service Insurance System may provide insurance for government-funded projects and coverage for all government properties, assets, contracts, rights of action, and other insurable risks to the extent of the government's interest.

Professional Services

The Philippine Constitution limits the practices of certain professions to Philippine citizens. However, various laws and regulations offer exceptions on a reciprocal basis, such as medicine, pharmacy, nursing, dentistry, accounting, teaching, architecture, and engineering. The practice of law is still reserved for Philippine citizens.

Advertising Services

The Philippine Constitution limits foreign ownership of advertising agencies to 30 percent. All executive and managing officers must be Philippine citizens.

Retail Services

Philippine law restricts foreign investment in certain retail ventures to Philippine nationals; however, amendments to its Retail Trade Liberalization Act, enacted in December 2021, open the retail sector to greater foreign participation. These amendments lower the minimum investment required for foreign retailers from \$2.5 million to \$500,000 and lower the per-store investment requirement from \$830,000 to \$200,000. Foreign retailers remain prohibited from engaging in trade outside their accredited stores, such as through the use of carts, sales representatives, or door-to-door selling.

The March 2022 amendments to the Foreign Investment Act reduced capitalization requirements for foreign-owned micro and small domestic enterprises from \$200,000 to \$100,000 if the business involves advanced technology, is registered as a startup or startup enabler, or the majority of its direct employees are Filipino (assuming the firm has at least 15 Filipino employees).

Telecommunications Services

The Konektadong Pinoy Act, also known as the Open Access Bill (Republic Act No. 12234), became law on August 23, 2025. Its implementing regulations introduce key reforms, including replacing the congressional franchise requirement with a simplified registration process with the National Telecommunications Commission. The implementing regulations mandate the reallocation of underused spectrum to prevent monopolies. The Act also aligns with the amended Public Service Act to allow greater foreign ownership while also safeguarding national security.

On June 24, 2024, the Philippine Bureau of Customs revised its applied policy on specialized vessels, including subsea cable laying and maintenance vessels, requiring their temporary importation to be fully taxed and subject to duties based on the vessel's book value under a new interpretation of Sections 102(z) and 103 of the Customs Modernization and Tariff Act. U.S. industry stakeholders reported that the new

interpretation makes operations in the Philippines uneconomical, as the resulting customs duties could exceed the value of the services provided. Subsequently, the Philippines allowed temporary entry of such vessels with a Special Permit from the Maritime Industry Authority, treating them as conditionally tax- and duty-free imports, subject to a “Re-Export Bond” under Customs Administrative Order No. 01-2021, though this workaround did not provide industry with a durable, long-term solution. The United States urged the Philippine Bureau of Customs and the Department of Finance to create a more predictable, transparent process for specialized vessels. The Bureau of Customs has drafted a new administrative order that, when approved by the Department of Finance, could resolve this issue, though as of December 31, 2025, neither agency had confirmed whether the administrative order will be implemented.

INVESTMENT BARRIERS

Limitations on Foreign Ownership

The Foreign Investment Negative List (FINL), which is published approximately every two years and was last updated in June 2022, enumerates foreign investment restrictions. Foreign investment in FINL-listed sectors may be prohibited outright (e.g., mass media, marine resources, and small-scale mining cooperatives) or subject to limitation (e.g., up to 40 percent foreign ownership in natural resource extraction; educational institutions; private radio communication networks; companies participating in government procurement; and public utilities such as electricity transmission and distribution, water and petroleum pipelines, seaports, and public utility vehicles). The 2022 FINL reflects amendments to the Retail Trade Liberalization Act, the PSA, and the Foreign Investment Act. Philippine Presidential Decree No. 194, issued in 1973, mandates foreign companies in the rice and corn sectors divest at least 60 percent of their equities to a Philippine company after locally operating for 30 years.

SUBSIDIES

Export Subsidies

The Philippines offers a wide array of fiscal incentives for investments, particularly investments related to manufacturing. These incentives are available to qualified firms located in designated export processing zones, free port zones, and other special industrial estates registered with the Philippine Economic Zone Authority (PEZA) and other Philippine Investment Promotion Agencies. The available incentives include: (1) income tax holidays or exemptions from corporate income tax for up to seven years; (2) an option for either special corporate income tax or enhanced deductions for up to 10 years after the income tax holiday period, with the possibility of a 10-year extension pending approval from the Fiscal Incentives Review Board; (3) payment of a 5 percent special tax on gross income less allowable deductions in lieu of all national and local taxes; (4) exemption from duties and taxes on imported capital equipment, machinery, spare parts, and raw materials; exemption from wharfage dues, imposts, and fees; and (5) a zero percent VAT rate on local purchases (including telecommunications, electricity, water, and building lease) directly attributable to the registered project or activity.

The CREATE Act introduced a sunset provision on the aforementioned preferential tax rates and benefits provided to activities currently registered with Philippine investment promotion agencies, including the PEZA. The CREATE Act grants a 10-year transition period to export enterprises registered prior to its enactment, with the option to reapply for special corporate income tax treatment subject to the conditions set in the Strategic Investment Priority Plan (SIPP) and a performance review by the Fiscal Incentives Review Board. The Philippines signed the CREATE Maximize Opportunities for Reinvigorating the Economy (MORE) Act on November 11, 2024, to clarify the applicability of VAT zero-rating exemptions and further amend tax incentives.

Export-oriented manufacturing and information technology and business process management (IT-BPM) enterprises that export at least 70 percent of their production can avail of the VAT zero rating incentive. Under the SIPP, the Philippines classifies IT-BPM companies as service exporters and grants them the same incentives available to manufacturing companies. Export-oriented investments that export less than 70 percent of their production can still avail of other aforementioned fiscal incentives, other than VAT zero rating. Non-export-oriented investments can still avail of incentives, other than VAT zero rating and the special corporate income tax.

OTHER MARKET-DISTORTING PRACTICES

The Philippines does not impose sufficient measures against market-distorting practices in order to insulate the U.S. and Philippine markets from these distortions and ensure a fair and secure trading relationship. The Philippines has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address these distortions. The Philippines does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about the Philippines' law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. The Philippines does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in the Philippine market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within the Philippines an unfair advantage.

ENVIRONMENT

Wildlife trafficking is a serious transnational crime that threatens security and economic prosperity. The Philippines is a major hub for wildlife trafficking, as a source, transit, and destination country. Associated crimes of money laundering and corruption impede law enforcement efforts and use of social media and other online platforms make it difficult to track the identity of sellers. Species frequently targeted in the Philippines include pangolin, turtle, and cockatoo. Such illegal trade undercuts legitimate, regulated trade in wildlife products, for example those used in the pet, fashion, and medical research sectors that comply with strict regulations and sustainable practices, and contaminates global supply chains with illegal product that can ultimately reach U.S. consumers.

OTHER BARRIERS

Bribery and Corruption

Corruption is a pervasive and longstanding problem in both the private and public sector in the Philippines. National and local government agencies, for example the Bureau of Customs, are beset with various corruption issues, including allegations of overt bribery. Both foreign and domestic investors have expressed concerns about the lack of transparency in judicial and regulatory processes.

RUSSIA

TRADE SUMMARY

In 2025, U.S.–Russia trade relations continued to be governed in large part by the imposition of strict sanctions by the United States and its partners and allies in response to the Russia-Ukraine war and countermeasures imposed by Russia against the United States. The U.S. goods trade deficit with Russia was \$3.2 billion in 2025, a 29.1 percent increase (\$721.4 million) over 2024. U.S. goods exports to Russia totaled \$593.0 million in 2025, up 12.2 percent (\$64.6 million) from 2024. U.S. goods imports from Russia totaled \$3.8 billion in 2025, up 26.1 percent (\$786.1 million) from 2024. Total U.S. goods trade (exports plus imports) with Russia was an estimated \$4.4 billion in 2025. Russia was the 102nd largest U.S. goods export market in 2025.

The U.S. services trade surplus with Russia was \$854 million in 2025, a 2.2 percent decrease (\$19 million) over 2024. U.S. services exports to Russia totaled \$1.2 billion in 2025, down 4.9 percent (\$62 million) from 2024. U.S. services imports from Russia totaled \$340 million in 2025, down 11.5 percent (\$44 million) from 2024. Total U.S. services trade with Russia was an estimated \$1.5 billion in 2025. Russia was the 68th largest U.S. services export market in 2024 (latest data available).

SANCTIONS AND COUNTERSANCTIONS

In March 2014, due to the conflict in Ukraine, the United States imposed sanctions on Russian Government officials, individuals who supported the annexation policy, and critical sectors of the Russian economy. In response, Russia enacted a variety of measures in retaliation. The initial measures banned the importation of a variety of agricultural and seafood products from the United States and other countries.

Beginning in February 2022, the United States imposed further sanctions on Russia and virtually ceased all bilateral engagement on trade and investment issues with Russia. Additional U.S. measures taken since February 2022 have included: withdrawal of Most-Favored-Nation (MFN) status for Russian goods; increased tariffs on certain imports from Russia; import and export bans and restrictions; financial and investment restrictions in certain industries; and blocking measures against certain entities and individuals. In response, Russia has imposed or proposed measures to impact financial transactions, protection and enforcement of intellectual property (IP), exports and re-exports of certain goods, and foreign direct investment, which may extend to nationalization of foreign-owned assets. Russia has also accelerated and expanded its efforts to replace imports with domestic goods and services. Additionally, as a result of increased geopolitical tensions, hundreds of U.S. companies have withdrawn from or significantly reduced their presence in Russia.

TRADE AGREEMENTS

Membership in the World Trade Organization

On August 22, 2012, Russia became the 156th Member of the World Trade Organization (WTO). On December 14, 2012, following the termination of the application of the Jackson-Vanik Amendment to Russia, the United States and Russia consented to the application of the Marrakesh Agreement Establishing the World Trade Organization (WTO Agreement) between the two countries. Russia's accession to the WTO signaled its movement to adopt key WTO principles, including transparency. Despite its WTO commitments, as noted in the [2025 Report on the Implementation and Enforcement of Russia's WTO Commitments](#), the Russian Government has maintained restrictive at-the-border measures, instituted

behind-the-border measures to inhibit trade, and pursued principles of import substitution and forced localization, taking Russia on a comprehensive trajectory away from the guiding principles of the WTO.

IMPORT POLICIES

Eurasian Economic Union

Russia is a member of the Eurasian Economic Union (EAEU), a limited customs union that also includes Armenia, Belarus, Kazakhstan, and Kyrgyzstan. Cuba, Iran, Moldova, and Uzbekistan have observer status at the EAEU. The EAEU has trade agreements with China, Iran, Serbia, Singapore, and Vietnam. The Eurasian Economic Commission (EEC) is the supranational body charged with implementing external trade policy for EAEU Member States and coordinating economic integration among them. Although tariff harmonization and standardized regulatory approvals across EAEU Member States have eased the process of doing business within the customs union for some U.S. companies, some regulatory regimes such as those pertaining to medical devices and to pharmaceuticals have not been standardized and still require approvals by the individual Member States. As a consequence of its membership in the EAEU, Russia's import tariff levels, trade-in-transit rules, non-tariff import measures (*e.g.*, tariff-rate quotas (TRQs), import licensing, and trade remedy procedures), and customs policies (*e.g.*, customs valuation, customs fees, and country of origin determinations) are based on EAEU legal instruments. The EAEU Member States are estimated to have harmonized approximately 90 percent of their tariffs governing trade with third countries.

Tariffs

Russia's average MFN applied tariff rate for all goods was 6.6 percent in 2024 (latest data available). Russia's average MFN applied tariff rate was 9.7 percent for agricultural products and 6.1 percent for non-agricultural products in 2024 (latest data available).

Russia has bound 100 percent of its tariff lines in the WTO, with an average WTO bound tariff rate of 7.6 percent. Russia's average WTO bound tariff rate for agricultural goods (10.8 percent) was slightly higher than its average applied rate of 9.7 percent in 2024 (latest data available). Russia's average WTO bound rate for non-agricultural products was 7.1 percent in 2024 (latest data available), slightly higher than its average applied rate of 6.1 percent in 2024 (latest data available). Russia's maximum WTO bound tariff rate was 194 percent in 2024 (latest data available) for beverages and tobacco. Although Russia has implemented all the tariff reductions required by its WTO commitments, some concerns remain.

In 2018, the Government of Russia adopted Decree No. 788, "On Approval of Rates of Import Customs Duties In Respect of Certain Goods Whose Country of Origin Is the United States of America" (amended April 26, 2022), which imposes tariffs ranging from 25 percent to 40 percent on various industrial products (mainly certain types of construction machinery) imported from the United States. While Decree No. 788 is no longer in force, Government Decree No. 1341 in August 2025 incorporated the U.S.-specific import duties established under Decree No. 788 into the December 2022 Decree No. 2240, which governs increased customs duties on imports of certain goods from "unfriendly countries" including the United States. Russia took this action in retaliation against the U.S. President's decision to adjust duties on U.S. imports of Russian steel and aluminum articles under Section 232 of the Trade Expansion Act of 1962, as amended (19 U.S.C. § 1862). These retaliatory duties are being applied by Russia only, not by other EAEU member states. The United States had been urging Russia to work with the United States to address excess capacity in the global steel and aluminum sectors, rather than engage in unjustified retaliation designed to punish U.S. workers and companies. On August 27, 2018, the United States launched dispute settlement proceedings against Russia at the WTO and requested consultations with Russia. Following unsuccessful consultations in November 2018, a WTO dispute panel was established on December 18, 2018 and

composed on January 25, 2019. Initially delayed due to the global COVID-19 pandemic, this dispute continues to be delayed due to the lack of U.S. engagement with Russia since 2022.

In 2022, Russia adopted Presidential Decree No. 973, “On the Use for the Purpose of Ensuring Security of the Russian Federation of Special Economic Measures in the Field of Foreign Economy Activity.” Presidential Decree No. 973 authorized the government to determine the list of affected products and to establish tariff rates. In September 2025, through Presidential Decree No. 657, the measure was extended through December 31, 2027. In October 2025, through Government Decree No. 1516, Russia extended all previously approved tariffs on goods originating from so-called “unfriendly countries” and aligned the validity periods.

Through Decree No. 1173, on July 20, 2023, Russia increased tariffs on imports of certain goods from “unfriendly” countries, including the United States. Specifically, Russia increased tariffs on wine (from 12.5 percent to 20.0 percent), purified glycerin (from 9.0 percent and 12.0 percent to 50.0 percent), and polyurethane (from 6.5 percent to 35.0 percent).

Through Decree No. 500, on April 17, 2024, Russia increased tariffs on certain products, including beer (\$0.045 to \$0.110 per liter) and expanded the list of perfumes, cosmetics, and household chemicals subject to a 35.0 percent tariff.

Through Decree No. 984, on July 19, 2024, Russia expanded the list of goods from “unfriendly” countries to include higher tariffs on lead-acid and other types of batteries from 5 percent to 15 percent up to 35 percent, and confectionary goods and their ingredients from 20 percent to 35 percent. Through Decree No. 1026, on July 29, 2024, Russia increased tariffs on fresh cut flowers from 5 percent to 20 percent and on wine from 20 percent to 25 percent. Through Decree No. 1239, on September 11, 2024, Russia further increased tariffs to 20 percent on distilled spirits imported from “unfriendly” countries.

On December 24, 2023, Russia signed Federal Law No. 630-FZ which amended the Federal Law “On Customs Tariffs” providing the government with the authority to reduce or fully eliminate tariffs on grain, fertilizers, and raw materials exported by “friendly” countries. The law also allows Russia to introduce preferential TRQs.

On August 25, 2025, through Decree No. 1341, Russia consolidated previously approved U.S.-specific tariffs and further expanded the list of covered goods to include: vegetable oils; coconut oil and its fractions; palm kernel; vegetable fats; margarine; bananas, fruit, nuts and other edible part of plants; and mineral and aerated waters, including natural and artificial.

Taxes

Russia applies a variable excise tax on automobiles according to their engine size. For example, in 2025, cars with engine power below 150 horsepower (hp) (e.g., a Lada, as well as some Fiat, Mini Cooper, and older Ford models) are subject to an excise tax of RUB 61 (approximately \$0.73) per hp. For cars with engine power above 150 hp, the excise tax rate increased from RUB 593 per hp to RUB 1,740 per hp (approximately \$7.13 to \$20.91). Those rates translate to a maximum annual tax of around RUB 9,150 (approximately \$110) for a car with less than 150 hp, and RUB 84,100 (approximately \$1,011) for a car with 151 hp, and RUB 871,740 (approximately \$10,478) for a car with greater than 500 hp. Although the tax applies to both domestically produced and imported vehicles, it disadvantages foreign manufacturers because Russia produces a limited number of high hp cars. In its 2022 WTO Trade Policy Review, Russia acknowledged that it does not produce passenger cars with engine power greater than 300 hp.

Value-Added Taxes

In November 2025, Russia passed a law (Law No. 425-F3) to raise the value-added tax (VAT) from 20 percent to 22 percent effective January 1, 2026. As of December 31, 2025, Russia applied a standard VAT rate of 20 percent to most goods and services, including U.S. exports to Russia. It rebates VATs duties on exports, including exports to the United States. The VAT does not apply to imports valued at less than RUB 60 million (approximately \$721,154). There are exceptions to the standard VAT tax rate. According to Article 149.2 (paragraph 21) of the Russian Tax Code, the 20 percent VAT payments on royalties paid for screening Russian movies (as defined in the Russian tax code) can be rebated, but not VAT payments on royalties for screening U.S. (or other non-Russian) films. In February 2022, most major U.S. studios withdrew from and ceased screening movies in Russia. Similarly, Article 149 exempts from the 20 percent VAT the royalties paid on software included in the Unified Register of Russian Software (pursuant to Federal Law No. 188-FZ of June 29, 2015, and Resolution 1236 of November 16, 2015). Because only Russian software is included in the Register, the cost of using non-Russian software can be automatically 20 percent higher than using Russian software.

Recycling Fees

Russia's Federal Law No. 89-FZ (as amended), imposes a recycling fee to be paid on imported (since 2012) and domestic (since 2016) automobiles and certain other wheeled vehicles (including self-moving agriculture and industrial vehicles). The fee is determined by the age, total mass, and engine size of the vehicle. Purportedly, the fee was imposed to offset the reduction in tariffs. In September 2024, Russia significantly hiked the recycling fee, effective October 1, 2024, raising rates by 70 percent to 85 percent for passenger cars, light commercial vehicles, trucks, buses, trailers, and semi-trailers purchased for resale. In 2025, Russia raised its vehicle recycling fee again by about 20 percent, from RUB 556,200 (approximately \$6,685) to RUB 667,440 (approximately \$8,022) for new passenger cars with 1.0–2.0-liter engines purchased for resale, and by around 20 percent for 3.5-liter engine cars, from RUB 2,285,200 (approximately \$27,466) to RUB 2,742,200 (approximately \$32,959). Fees for cars with engines up to 3 liters bought for personal use remain unchanged: RUB 3,400 (approximately \$41) for new passenger cars and RUB 5,200 (approximately \$63) for used passenger cars. The final amount depends on factors such as the vehicle type, engine size, and the car's age, as well as if the car was purchased for personal use or for resale. Although the fee applies to both domestic and imported vehicles, concerns remain regarding the overall level and calculation of the fee for heavy-duty commercial vehicles.

Non-Tariff Barriers

Import Bans/Restrictions

Russia has maintained a ban on imports of certain food and agricultural imports from the United States as well as from Australia, Canada, the Member States of the European Union, and Norway since 2014. The list of banned food products include: certain beef, pork, poultry, fish and seafood products; fruits and nuts; vegetables; some sausages; and most prepared foods. Russia has since amended the list of products and expanded the list of countries covered by the ban, adding Albania, Iceland, Liechtenstein, Montenegro, Ukraine, and the United Kingdom. On September 18, 2024, Russia extended the ban until December 31, 2026, through Presidential Decree No. 807, "On the Extension of Certain Special Economic Measures to Ensure the Russian Federation's Security."

Import Licensing

The Russian Government has maintained barriers to the importation of products with cryptographic functionalities (encryption products). Although Russia has WTO commitments to allow the importation of

“mass market” consumer electronics without an import license or other customs formalities (other than import duties), stakeholders report that Russia continues to require at a minimum a one-time notification or, for products with strong encryption, permission from the Russian security services in addition to an import license, which significantly increases import costs and often precludes imports altogether. In addition, pursuant to Government Resolution No. 313 (April 16, 2012), as amended, Russia requires an activity license to distribute encryption products, including many common consumer electronics, which further restricts U.S. exporters’ access to the Russian market. Only Russian legal entities or individual entrepreneurs may apply for a local (domestic) encryption license. Representative offices of foreign companies registered in Russia cannot apply for a local license. Prior to February 2022, the U.S. Government raised these concerns about the import licensing regime for encryption products with the Russian Government, but Russia failed to respond.

Customs Barriers and Trade Facilitation

In 2019, Russia began to implement a mandatory labeling regime (track and trace regime) in selected industry sectors that requires the application of an encrypted label to products, both imported and domestically produced, in an ever-widening list of industry sectors. The mandatory labeling regime applied initially to only certain industry sectors (*e.g.*, footwear, apparel, pharmaceuticals, and perfumery products). In 2024, eight new product categories were added to the labeling regime. As of September 2025, Russia digitally traces 33 groups of goods, ranging from dairy goods, bottled water, blades and razors, construction materials, hot instant beverages, medicines, sports nutrition, sweet and confectionary products, toys, and cigarettes, with the goal of making most consumer goods digitally traceable by 2026. Various affected industry stakeholders have raised significant concerns about the regime, including: the short implementation timelines; risk of disclosure and misuse of sensitive commercial data collected under the regime; lack of operational details from the Russian Government; quantity of detailed data required for the labels; possibility of national treatment and trading rights issues stemming from different procedures for importers to obtain these labels compared to domestic manufacturers; requirement that the labels must be purchased from a single Russian company; duplication with existing tracking regimes (*e.g.*, the system for tracking alcohol products); and arbitrary misuse of the system to halt imports. Russia had shown some flexibility in response to stakeholder concerns and, in 2022, suspended some of the labeling requirements.

U.S. stakeholders report that the Russian Government does not publish all regulations, judicial decisions, and administrative rulings of general application on customs matters. In addition, U.S. exporters report that customs enforcement varies by region and port of entry, and that changes in regulations can be frequent and unpredictable, adding to costs and delays at the border.

Import Substitution Policies

Russia’s extensive import substitution policies have posed a significant barrier to a wide variety of U.S. exports. For instance, under Decree No. 328 adopted in April 2014, Russia has in place a State Program called the “Development of Industry and Increasing Competitiveness” under which it adopted the “Strategic Plan for Promoting Import Substitution in Industry.” Sectors in which these policies have been developed and implemented: agriculture, transport vehicles, telecommunications, consumer goods, textiles, optical fiber, defense, banking, oil and gas, solar and wind energy, software, aircraft manufacturing, and medical devices. In 2025, Russia updated and amended its strategic plan, which emphasizes a shift in policy direction towards technological sovereignty and building independent technological and industrial capabilities (*for further information, see the Investment Barriers, State-Owned Enterprises, and Government Procurement subsections of this NTE Report Chapter*).

Initially, the Russian Government implemented these preferences primarily through government procurement, but, since 2015, it has increasingly extended the mandated preferences to purchases by state-

owned enterprises (SOEs). For example, Russia's law governing SOE purchases expressly: (1) favors Russian-produced products; (2) grants the Russian Government the authority to establish plans and tender rules for the purchase of specific Russian goods, works, and services; (3) establishes a Government Import Substitution Commission with responsibility for determining which types of machinery and equipment must be sourced locally for large investment projects by SOEs, state corporations, or certain private businesses; (4) requires the coordination of SOEs' purchases of pharmaceutical, high technology, and innovative products with the government; and (5) recommends that SOEs follow the more restrictive procurement rules that govern federal and municipal procurement (*for further information, see the Government Procurement subsection of this NTE Report Chapter*).

Russia's import substitution requirements have not been limited to SOEs. Since December 2019, Russia has required the pre-installation of Russian software (*e.g.*, search engines, Yandex browser, mapping and navigation software, anti-virus software, software that provides access to electronic government infrastructure, instant messaging and social networking, and national payment software) on certain consumer electronic products (*e.g.*, smartphones, computers, tablets, and smart TVs) sold in Russia. (Law No. 425, "On Amending Article 4 of Russian Federation Law 'On Protecting Consumer Rights' December 2, 2019.") Stakeholders contend that the law appears to be another effort by the Russian Government to disadvantage imports and increase control over technology. In August 2023, the Russian Government approved a new list of Russian software that must be pre-installed on smart TVs in 2024, adding several video streaming services. In 2025, Russia further expanded the list of pre-installed software and additionally required that smartphones and other smart devices sold in Russia must come pre-installed with Russia's own digital messaging platform, MAX. In addition, technology companies are concerned that the law would expose devices and services to potentially unsafe, insecure, or unreliable technology. The United States raised these concerns directly with the Russian Government prior to 2022.

Russia has expanded its localization policies beyond Russian-made goods to include Russian-origin services (*for further information, see the Services Barriers subsection of this NTE Report Chapter*).

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

U.S. companies cite Russia's administration of technical regulations and related product-testing and certification requirements as major obstacles to U.S. exports of industrial and agricultural goods to Russia. Russia does not accept export certificates recognized by other countries, such as those issued by the U.S. Department of Health and Human Services Food and Drug Administration. Russia recognizes only the certificates issued by authorized agencies from one of the EAEU member countries with a representative office in Russia. Russian authorities require product testing and certification as a key element of the approval process for a variety of products, and in many cases, only an entity registered and residing in Russia can apply for the necessary documentation for those product approvals. Consequently, opportunities for testing and certification performed by competent bodies outside Russia are limited, which is contrary to standard practice and inappropriately increases the burdens for companies exporting to Russia. Manufacturers of telecommunications equipment, oil and gas equipment, construction materials and equipment, and veterinary biologics such as vaccines have reported serious difficulties in obtaining product approvals within Russia. Other EAEU member states are in the process of adopting similar requirements.

Alcoholic Beverages

Stakeholders have raised concerns about legislative amendments that affect Russia's regulation of the wine market, particularly Federal Law No. 345-FZ of July 2021. Stakeholders are concerned that certain definitions and provisions, such as limitations placed on wine exported to Russia in bulk and restrictions on the use of certain ingredients, could create barriers to exports from the United States and other producers of wine. Stakeholders have also raised concerns related to limitations on the right to use certain geographical indications or appellations of origin, and the rules governing labeling (with follow-on implications for labeling approvals). In December 2022, the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications, which contains requirements that can reduce safeguards for the use of common names, came into force in Russia.

In addition, stakeholders noted that Russia requires one or multiple certificates for imported wine from the United States, even when those wines conform to both U.S. and Russian standards. Often, these certificates must be an original document issued by the U.S. Department of Treasury (Alcohol and Tobacco Tax and Trade Bureau) or an officially accredited organization located in Russia. Stakeholders also expressed concerns about the decision by the Russian Ministry of Industry and Trade (MoIT) in November 2022 to allow imports of premium liquor brands without the trademark owners' consent under Russia's parallel imports scheme. When appropriate, the United States will work to ensure that Russia's and the EAEU's alcoholic beverages control regime is consistent with Russia's WTO commitments and international standards or guidelines for such products.

Pharmaceuticals

U.S. stakeholders continue to raise concerns about the implementation of Russia's Good Manufacturing Practices (GMP) regime for pharmaceutical products. U.S. stakeholders are concerned that Russia treats domestic and foreign manufacturers differently in the implementation of its GMP regime for medicines. For example, stakeholders have highlighted the higher rate of unwarranted denials of foreign GMP certificates, the lack of a process for paper review of corrective actions for minor deficiencies, and the disparate, legislatively mandated treatment of GMP procedures for local and foreign sites. Moreover, industry stakeholders report that the GMP certificates for veterinary drugs, required since September 1, 2023, present a significant barrier to imports and could potentially close the Russian market to exports of U.S. veterinary drugs.

Toys

U.S. industry is concerned about the arbitrary exclusion of certain toys from the Russian market as a result of the "psychological assessment of toys, games and play structures" required under the 1998 Federal Law No. 124-FZ, "On Basic Guarantees of Children's Rights to the Russian Federation." U.S. toy industry stakeholders have also raised a concern about the EAEU's ban on recycled content in toys, which they claim contradicts global toy safety standards and undermines the growing focus of the U.S. toy industry on sustainability.

Sanitary and Phytosanitary Barriers

Russia has banned imports of most agricultural products since August 2014. In addition to the import ban, the market access barriers discussed below are longstanding and continue to be of concern for the United States.

Food Safety, Plant, and Animal Health Standards

Russia maintains standards on a wide array of animal products that are inconsistent with international standards set by the World Organization for Animal Health (WOAH), the International Plant Protection Convention (IPPC), or the Codex Alimentarius Commission (CODEX) without an apparent scientific justification. Findings of veterinary drug residues during Russian border inspection of U.S. meat and poultry products have resulted in trade disruptions, including the suspension of previously-approved U.S. beef, pork, and poultry facilities. For example, in October 2013, the EEC adopted a zero-tolerance policy for beta-agonists, including ractopamine, and trenbolone acetate for beef and pork products. These standards are more stringent than the Codex's maximum residue limits for these substances in both beef and pork. Russia notified this measure to the WTO in November 2017, and to date the United States is not aware of any complete risk assessment. Although the United States has established a Never Fed Beta Agonists Program, Russia's prohibition of these veterinary drugs, including for products that are not affected by Russia's import bans, prevents U.S. exporters of beef and pork products from accessing the Russian market.

U.S. exporters of agricultural products also continue to face systemic issues in Russia. For example, since August 2008, Russian and EAEU veterinary certificates require U.S. regulatory officials to certify that exported products satisfy EAEU sanitary and veterinary requirements and meet certain chemical, microbiological, and radiological standards. These requirements are problematic because many EAEU sanitary and veterinary requirements appear to be excessively restrictive and lacking in scientific justification. Similarly, Russia requests U.S. exporters to submit certifications stating that the United States is free from various livestock diseases, even where the product in question could pose no risk of transmission. In other cases, Russia requires sanitary or phytosanitary attestations on export certificates for low-risk food or agricultural products without providing scientific evidence of the risk justifying such measures. For example, Russia requires phytosanitary attestations for shipments of certain plant-origin products destined for further processing, such as corn for popcorn, even though such processing removes any potential plant health risk.

The United States is also concerned with Russia's failure to remove certain veterinary control measures for lower-risk products. Russia maintains a ban on cultivation of genetically engineered (GE) crops and the import of GE planting seeds, as well as stringent import restrictions on animal feed and burdensome methodological guidelines for the registration of GE products. The United States has pressed and will, as appropriate, continue to press for the removal of these types of barriers to exports of U.S. plant and animal products.

Approved Exporter and Facility Listing Requirements

Pursuant to a June 2010 EEC regulation, Russia allows imports of most products under veterinary control (*e.g.*, meat, poultry, dairy, and seafood) only from facilities on a list approved by all EAEU member states. Pursuant to a bilateral agreement signed in November 2006, Russia agreed to grant U.S. regulatory officials the authority to certify new U.S. facilities and recertify U.S. facilities that have remedied any previously reported import noncompliance. In practice, however, Russia has not consistently recognized the authority of U.S. regulatory officials to certify additional U.S. facilities; responding to U.S. requests to update the list of approved U.S. facilities has been delayed. Russia justifies its approach by pointing to the EEC Customs Union Commission Decision No. 834, dated October 18, 2011, "On the Regulation on the Harmonized Procedure of Joint On-Site Inspections and of Taking Samples of Goods (Products) Subject to Veterinary Control (Supervision)" and the subsequent EEC Decision No. 94, dated October 9, 2014, "On the Regulation on the Harmonized Procedure of Joint On-Site Inspections and of Taking Samples of Goods (Products) Subject to Veterinary Control (Supervision)." The EAEU has competence for facility inspections and approvals. The United States worked with Russian and EAEU authorities to negotiate an

EAEU inspection regulation that allows the EAEU to accept the certification of additional facilities provided by sanitary and phytosanitary authorities in third countries that certify new facilities. However, implementation of this regulation has lacked predictability and transparency because EAEU member states often continue to insist on conducting their own inspections before approving a facility, without providing any rationale.

Similarly, Russia maintains exporter-approved lists. Russia has effectively banned the importation of U.S. dairy products since September 2010, when Russia's Federal Service for Veterinary and Phytosanitary Surveillance (VPSS) instructed customs officials to allow shipments only from exporters on VPSS-approved lists. The EEC has now extended this listing requirement to most agricultural products. This directive appears to be inconsistent with EAEU legislation eliminating the requirement that a foreign producer be included on an approved list to be eligible to export dairy products to the EAEU. The listing requirement continues to prevent U.S. exports of heat-treated dairy products despite the fact that, in March 2014, the United States and the Russia–Kazakhstan–Belarus Customs Union (CU) concluded negotiations on a U.S.–CU veterinary certificate. Despite its WTO accession commitment to eliminate listing requirements for pet food and animal feed products, Russia also continues to require approved lists of exporting establishments for pet food of animal origin. The United States has worked, where possible, with Russia and the other EAEU member states to eliminate the listing requirement for exporters, including for heat-treated dairy products.

GOVERNMENT PROCUREMENT

On August 8, 2024, Russia adopted Federal Law No. 318 FZ, effective January 1, 2025, streamlining Russia's legislative framework governing restrictions on procurement of foreign goods, as well as various preferences for goods and services originating in Russia and other EAEU member countries. On December 23, 2024, Russia passed Resolution No. 1875, implementing the provisions for Federal Law No. 318 FZ, which includes four main types of domestic and content procurement preferences: (1) a ban on the purchase of certain foreign goods for industrial goods for defense and national security; (2) other restrictions on the purchase of foreign goods for industrial goods, radio electronics, food items, medical devices and pharmaceuticals; (3) minimum domestic content requirements for critical goods; and (4) maximum thresholds for foreign content in medical device production.

Government Resolution No. 1875 also replaced the “three’s-a-crowd” localization policy, which banned government procurement of certain imported goods if more than two companies from EAEU member countries submitted a bid. Effective January 1, 2025, the Resolution introduced a universally applied “two’s-a-crowd” rule and establishes a 15 percent preference for goods and services of EAEU origin. Under this rule, if more than two companies from EAEU member countries submit a bid, goods and services with higher levels of local content will be granted procurement preferences.

Russia continues to favor local production of medicines through its government procurement system. In August 2025, Russia postponed the application of the “two’s-a-crowd” rule for public procurement of essential drugs, and is providing procurement preferences to pharmaceutical companies in EAEU Member countries that engage in full-cycle pharmaceutical research and development and manufacturing from September 1, 2025, until January 1, 2026.

In sum, as of January 1, 2025, Government Resolution No. 1875 replaces previously applicable resolutions that have been declared void and unenforceable.

Russia has expanded the reach of its import substitution policies into the technology sector. Pursuant to amendments to Russia's national procurement law (Law No. 44-FZ), Russia has created a registry of

Russian software. Foreign-made software not on the list will no longer routinely qualify for federal and municipal government procurement, unless no similar domestically produced software is available. In July 2016, the Russian Government went a step further and issued an order approving a three-year plan to switch government agencies to Russian-origin office software. According to U.S. stakeholders, because the switch to domestic software was not moving fast enough, the Russian Government, in 2020, proposed measures that would expand the list of companies considered Critical Information Infrastructure (CII), and, thus, extend to many private companies the import substitution requirements applied to government entities. In March 2022, the Russian President signed Decree No. 166 to ban SOEs from procuring foreign software and information technology (IT) services for the CII that they operate. This decree also bans SOEs and public authorities from using foreign IT for CII starting on January 1, 2025. In August 2023, the MoIT released a detailed action plan to ensure SOEs and public authorities meet the January 2025 deadline. On June 13, 2024, Russia amended Decree No. 250 of May 1, 2022, “On Additional Measures to Ensure Information Security of the Russian Federation” to ban public authorities, SOEs, and strategic enterprises considered CII from using foreign cybersecurity services from “unfriendly” countries starting on January 1, 2025. Decree No. 250 also provides the Russian Federal Security Service with broader authority to monitor CII compliance with the new regulations. The original decree banned CII operators from using foreign software and/or hardware. The operators are now also banned from using cybersecurity services originating from “unfriendly” countries.

In April 2025, Russia’s State Duma adopted a bill extending import substitution and local content requirements previously applied by government entities to private operators of CII.

Russia is not a Party to the WTO Agreement on Government Procurement (GPA) but has been an observer to the WTO Committee on Government Procurement since May 2013.

INTELLECTUAL PROPERTY PROTECTION

Russia remained on the Priority Watch List in the [2025 Special 301 Report](#). Challenges to IP protection and enforcement in Russia include continued copyright infringement, trademark counterfeiting, and the existence of non-transparent procedures governing the operation of collective management organizations (CMOs). The United States is also closely monitoring proposals and measures undertaken by Russia to target IP rights for foreign rights holders based in countries that have sanctioned Russia. Some of these measures have been implemented, including Decree No. 299, which permits Russian companies and individuals to forgo compensation to rights holders for the use of inventions, utility models, and industrial designs under Article 1360 of the Russian Civil Code, if the rights holder is a national from a list of countries designated by Russia as “unfriendly” due to factors, including publicly supporting or calling for sanctions against Russia. Another measure, Decree No. 322, restricts the ability of foreign rights holders from those same “unfriendly” states to collect license payments for most types of IP.

Russia’s inadequate and ineffective protection of copyright, including with regard to online piracy, continues to be a significant problem, damaging the market for legitimate content in Russia and in other countries. Despite adoption of anti-piracy legislation in 2017, Russia remains home to several sites that facilitate online piracy, as identified in the [2025 Review of Notorious Markets for Counterfeiting and Piracy](#) (Notorious Markets List). Stakeholders continue to report significant piracy of video games, music, movies, books, journal articles, and television programming. Rights holders are able to obtain court-ordered injunctions against websites and smartphone applications offering infringing content, but investigations and prosecutions of the owners of the large commercial websites distributing pirated material, including software, are lacking.

Trade in counterfeit goods causes significant financial losses for U.S. rights holders and legitimate businesses. Russia remains a thriving market for counterfeit goods sourced from China. Despite increased seizures by the Russian Federal Customs Service, certain policies hamper IP enforcement efforts. For example, the “return to sender” policy for small consignments, which returns counterfeit goods to their producer, is problematic because it does not remove such goods from channels of commerce.

CMOs for copyright can play an important role in ensuring compensation for rights holders when CMO practices are fair, efficient, transparent, and accountable. However, royalty collection by CMOs in Russia continues to lack transparency and lags behind international standards. Reports indicate that right holders are denied detailed accounting reports, making it difficult to verify how much money is being collected and distributed. Also, rights holders are excluded from the selection and management of CMOs.

Finally, the United States is concerned about Russia’s implementation of its WTO commitments related to the protection against the unfair commercial use, as well as the unauthorized disclosure, of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products. Stakeholders report that Russia is eroding protections for undisclosed data and lacks an effective mechanism for the early resolution of potential pharmaceutical patent disputes. Stakeholders also continue to express concerns regarding certain evidentiary standards applied by the judiciary.

SERVICES BARRIERS

Russia has extended its import substitution policies beyond the provision of goods to include the provision of services.

Audiovisual Services

In January 2022, the Russian Government announced that it would require any streaming service with more than 100,000 daily users to register as a Russian company and to add 20 Russian television channels to its service, including Russian news stations, thereby forcing U.S. suppliers to become platforms for Russian state propaganda. However, affected U.S. companies suspended operations in Russia before the measure went into effect.

Financial Services

In 2024, Russia approved amendments to Federal Law No. 395-1, “On Banks and Banking Activities,” that allow foreign banks from both “friendly” and “unfriendly” countries to open branches in Russia but limit foreign banks to no more than two branches. At the same time, Russia passed multiple Presidential Decrees making it more difficult for Western businesses, including financial institutions, to exit the Russian market. Foreign bank branches may provide banking services in Russia to corporate entities but do not have the right to conduct banking operations with individuals, except for the transfer of funds without opening a bank account. Similarly, the purchase or sale of foreign currency is only allowed to make fund transfers also without opening a bank account.

Other Digitally-Enabled Services and Digital Products

Shutdowns and Other Threats to the Open Internet

Russia has regularly restricted access to information and services, and imposed periodic Internet shutdowns, disrupting commercial operations, and thereby undermining a free and open Internet and impeding trade in the digital economy. Many U.S. websites and applications remain blocked and Russia continues to restrict

access to virtual private networks (VPNs). Russia continues to develop its own domain name system service, which will centralize control of all Internet traffic and further their ability to restrict access to the global Internet. Russia has removed U.S. websites and applications from its domestic domain name server, effectively blocking access to their services within Russia. The United States continues to monitor the impact of these events on U.S. trade and investment, including services exports.

Data Localization Requirements

In 2016, Russia began to enforce the first step of its data localization regime. By 2020, the Russian Government had implemented a regime requiring certain electronically-collected data about Russian citizens to be processed and stored in Russia. This has imposed significant operational challenges on providers of data-intensive services, as well as on manufacturers who rely on those services. The requirements also raise concerns about state surveillance. Russia also requires certain telecommunications and Internet service providers (ISPs) to store certain communications content locally for six months and to store metadata for such content for one year or longer, depending on the type of provider (per the Yarovaya Law passed in 2016), giving Russian security services the opportunity to request those data. The Yarovaya Law or Yarovaya package consists of two federal bills passed in 2016 which amended previous counter terrorism and public safety measures. The legislation expanded the authority of law enforcement agencies, new requirements for data collection, and other restrictions.

Other Digital Trade Issues

Russian ISPs must install a special device on their servers to allow the Russian security services to track all credit card transactions. Russia threatens to shut off market access to ISPs that allow their customers to use VPNs. In addition to the obvious concerns over state surveillance, industry stakeholders contend that the effects of these laws limit their ability to offer a variety of services in Russia and increase the cost of doing business in Russia, particularly for small and medium-sized enterprises (SMEs). Moreover, the Yarovaya Law may require ISPs to provide excessive access to citizens' private information, which raises privacy concerns.

In 2021, Russia implemented the so-called "Landing Law," which requires certain IT companies (*i.e.*, any company with a website or an application with more than 500,000 daily users) to establish a physical presence in Russia. U.S. companies, particularly SMEs, contend that this local presence requirement, coupled with difficult compliance requirements, harsh penalties, and concerns about staff safety, can constrain their ability to operate their businesses in Russia. As of December 2023, the Landing Law was dramatically tightened with a special focus on global web hosting and cloud storage providers. In addition to opening a Russian office and local bank account, foreign hosting and cloud service providers are now obligated to specifically register with the Russian Federal Tax Service and identify their clients.

Russia has imposed further restrictions through "extremist" designations on U.S. social media companies since 2022. When a company is designated as an "extremist" organization, the company's commercial activities are banned, its platforms are blocked, and the use or promotion of the company's services and symbols create legal risks for the company and, increasingly, for individual users. In 2025, Russia took a further step to degrade voice calls and restrict new account registrations on social media messengers.

INVESTMENT BARRIERS

With the imposition of sanctions by the U.S. Government, numerous U.S. companies have withdrawn from the Russian market or severely limited their operations. For companies with a continued presence in Russia, corruption, lack of transparency, inability to repatriate dividends, and the threat of creeping expropriation

remain impediments to a stable and predictable investment environment for U.S. investors. In 2022, Russia introduced significant restrictions on cross-border transactions, such as the sale of shares, payment of dividends, and liquidation of Russian entities controlled by persons from jurisdictions deemed “unfriendly” by the Russian Government. Further obstacles to investment in Russia include problems with enforcing the rule of law; restrictions on foreign ownership of agricultural land and land in border areas and on investment in the mining and mineral extraction sectors; inadequate dispute resolution mechanisms; weak corporate governance, including the protection of minority shareholder rights; and the absence of requirements for all companies and banks to adhere to accounting standards consistent with international norms. Russia has continued to adopt a variety of measures restricting the business affairs of foreign investors from “unfriendly” countries (*e.g.*, limiting disclosure requirements in certain sectors, allowing payment of financial obligations in rubles rather than dollars, limiting certain transactions in sensitive sectors, placing Russian assets of several foreign companies under temporary control of the Russian Federal Agency for State Property Management, and setting additional conditions for the exit of foreign companies from Russia).

On May 23, 2024, Russia issued Decree No. 442, “On the Special Procedure for Compensation for Damage caused to the Russian Federation and the Central Bank of the Russian Federation in Connection with the Unfriendly Actions of the United States,” which establishes a framework to compensate the Russian Government and the Russian Central Bank for losses from the seizure of Russian sovereign assets by the U.S. Government. Under this framework, on October 10, 2024, Russia further tightened the rules for foreign companies’ exits from Russia, including by increasing the minimum discount for transactions involving the sale of assets in Russia by foreigners from 50 percent to 60 percent. Russia also raised the “exit tax” from 15 percent to 35 percent of asset value, and in some instances even higher, and added a requirement of Presidential approval for transactions worth more than RUB 50 billion (approximately \$601 million). Russia has also forced the proceeds of the sale of some companies to be placed into a restricted account, preventing the repatriation of the sale proceeds outside Russia.

Investment Taxes

U.S. companies have raised concerns about Russian tax authorities’ scrutiny of payments that cross Russia’s borders, but remain, for tax purposes, in the legal structure of the same Russian company. This issue has arisen when a multinational company temporarily transfers an employee to the company’s Russian office from an office outside Russia. Under internationally accepted accounting standards, this normal business practice is handled as an intra-firm payment from one office to the other, or to the headquarters in the case of royalty payments. However, Russian tax inspectors have disputed such expenses as economically unjustified and, consequently, impermissible under the Russian Tax Code.

SUBSIDIES

Russia is not permitted to subsidize exports of agricultural products pursuant to its WTO accession commitments. However, U.S. stakeholders have raised concerns about the potential cost advantage to certain Russian agricultural producers resulting from the provision of subsidies for the transportation of agricultural products, including for the transportation of wheat, barley, and corn from interior regions to export destinations. Russia has provided these subsidies since 2017, stating the measure is intended to stimulate the movement of grain exports, stabilize domestic grain prices, and support profit margins of agricultural producers. In August 2023, Russia relaxed the eligibility criteria for railroad transportation subsidies available for producers of agricultural goods and fertilizers. The United States is concerned that this measure directly or indirectly subsidizes exports of Russian agricultural products. The implementing Decree No. 1104, dated September 15, 2017, specifically mentions several border crossings with Mongolia and China and authorizes the Russian Export Center (REC) to administer the subsidy. According to Russia,

the REC is a state export promotion institution that provides financial and non-financial export support both to agricultural and non-agricultural value-added products.

STATE-OWNED ENTERPRISES

Russia's numerous SOEs play a prominent role across much of the Russian economy. In May 2023, the Russian Academy of National Economy and Public Administration estimated that the state's share in the economy had grown from 47.3 percent in 2016 to 56.2 percent in 2021. Even though private enterprises are theoretically allowed to compete with SOEs on the same terms and conditions, in practice, the competitive playing field is distorted in favor of SOEs. These advantages result from SOEs' lack of transparency and lack of independence. The presence of senior Russian Government officials on their boards of directors, government subsidies, preferential lending by state-owned banks, misalignment of managers' incentives and company performance, inadequate control mechanisms on managers' total remuneration or their use of assets transferred by the government to the SOEs, and minimal disclosure requirements further distort the competitive landscape.

A specific variant of SOEs, state corporations are completely owned by the government and operate under separate legislation and in a marketplace distorted in their favor. For example, state corporation holding structures and management arrangements (*e.g.*, senior government officials as board members) create conditions for preferential treatment and leave significant scope for discretion and lobbying by company insiders, which disadvantage private enterprises. The six state corporations are: Rosatom, VEB, Fund for Communal Housing, Deposit Insurance Agency, Roscosmos, and Rostec.

To spur growth and boost revenue through privatizations, the Russian Government, in October 2024, extended its existing three-year privatization program through 2027. From 2025 to 2027, Russia plans to fully privatize 20 federal state unitary enterprises and sell its stakes in 166 joint stock companies and seven limited liability companies. As of May 30, 2025, the Russian Government still owned 249 federal state unitary enterprises, as well as stakes of various sizes in 692 SOEs. As of July 2025, the Russian Government still maintained a list of 55 SOEs with "national significance" that are either wholly or partially owned by Russia and whose privatization is permitted only by a special governmental decree, including Aeroflot, Rosneft, Rosneftegaz, Transneft, Russian Railways, and VTB Bank. However, Russia has been slow in implementing the privatization plan. In privatizations conducted to date, the treatment of foreign investors has been inconsistent, with foreign participation, at times, confined to minority stakes, which creates concerns about protection for minority shareholders and corporate governance.

LABOR

The United States has concerns about Russia's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining, the effective abolition of child labor, and a prohibition on the worst forms of child labor. The United States also has concerns with respect to labor law enforcement. Russia does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Russia's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Russia an unfair advantage.

ENVIRONMENT

Russian fishing vessels have been documented engaging in illegal fishing operations, misreporting catches, and transshipping illegal catch at sea. Allegations of Russian illegal, unreported, and unregulated fishing, unsustainable fisheries management, and other unfair trade practices by Russia raise particular concern for

seafood industry stakeholders in Alaska and the Pacific Northwest that harvest species that face direct competition from Russian catches in export markets, especially in high-value species like king crab, salmon, and Alaska pollock. This unfair, illegal competition has severely impacted the price of legally caught seafood and the viability of some U.S. fisheries. Multiple U.S. Executive Orders have been issued banning the import of Russian-caught seafood, including a specific prohibition on the importation of fish and seafood harvested in waters under the jurisdiction of Russia or by Russia-flagged vessels, even if these products are then transformed in a third country.

Russia's harmful fisheries subsidies are estimated to be approximately \$1.2 billion. Since 2017, Russia has subsidized a recapitalization program focused on investment and construction of new vessels and processing facilities. In parallel, Russia has adopted predatory pricing strategies in Asian and European markets as well as increased its harvest of pollock to undercut U.S. products. These actions unfairly undermine the competitiveness of U.S. fishers and exporters in the Asian and European markets. This economic support through subsidies and lack of regulation in the fisheries sector to allow overproduction allow the Russian-caught seafood to compete with, and undercut, U.S. exports of Alaska pollock and Alaska pollock products. Russia has accepted the WTO Agreement on Fisheries Subsidies.

OTHER BARRIERS

Export Policies

Notwithstanding its stated intent of reducing export duties following its accession to the WTO in 2012, Russia, in 2022, began to impose various export restrictions on a wide variety of products. For example, in March 2022, Russia imposed a temporary ban on exports of more than 200 types of industrial products including high technology, communications and medical equipment, vehicles, agricultural machinery, and electrical gear. In October 2025, the Russian Government extended the ban through the end of 2027. As of December 31, 2025, the list of industrial products subject to the ban includes about 100 items. In addition, notwithstanding the global food security crisis, Russia has imposed temporary export restrictions (*e.g.*, export bans, export quotas, or export duties) on sunflower seeds, wheat, soybeans, grain crops, white sugar, raw cane sugar, rice and rice cereal, rapeseed, millet, buckwheat, meslin, cereal and cereal pellets, crude flour, barley, rye, corn, onions, garlic, turnips, sunflower oil and bagasse, fish products, sulfur used to produce sulfur-containing fertilizers, sulfur-containing fertilizer, and nitrogen-containing fertilizer. Other temporary export restrictions include non-agricultural products such as certain types of logs, ferrous waste and scrap, stainless steel waste and scrap, waste and scrap of other alloy steel, and waste and scrap of tungsten. Export restrictions for many of the agricultural goods continue to be extended. In September 2024, Russia considered a possible ban on exports of raw materials such as uranium, titanium, and nickel in response to sanctions limiting imports of certain Russian goods. On November 14, 2024, Russia announced a temporary ban on exports of enriched uranium products specific to the United States (Resolution No. 1544). On November 1, 2025, Russia announced a temporary ban on the export of liquid, granulated, and lump sulfur until March 2026 (Resolution No. 1730).

SERBIA

TRADE SUMMARY

The U.S. goods trade deficit with Serbia was \$730.5 million in 2025, a 20.9 percent increase (\$126.1 million) over 2024. U.S. goods exports to Serbia totaled \$213.5 million in 2025, up 1.8 percent (\$3.7 million) from 2024. U.S. goods imports from Serbia totaled \$944.0 million in 2025, up 15.9 percent (\$129.8 million) from 2024. Total U.S. goods trade (exports plus imports) with Serbia was an estimated \$1.2 billion in 2025. Serbia was the 124th largest U.S. goods export market in 2025.

The U.S. services trade deficit with Serbia was \$200 million in 2024 (latest data available), a 24 percent decrease (\$63 million) over 2023. U.S. services exports to Serbia totaled \$489 million in 2024 (latest data available) up 9.9 percent (\$44 million) from 2023. U.S. services imports from Serbia totaled \$689 million in 2024 (latest data available) down 2.7 percent (\$19 million) from 2023. Total U.S. services trade with Serbia was an estimated \$1.2 billion in 2024 (latest data available). Serbia was the 91st largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

Serbia has been working toward accession to the World Trade Organization (WTO) since 2005.

IMPORT POLICIES

Tariffs

Serbia imposes high import tariffs (between 10 and 30 percent) for certain U.S. products such as dietary supplements, tractors, and heavy construction machinery, as well as agricultural and food products.

Taxes

Value-Added Taxes

Serbia applies a value-added tax (VAT) rate of 20 percent to most products, with a reduced rate of 10 percent for groceries, books and medicines.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Serbia became a candidate country for European Union (EU) accession in 2012 and concluded a Stabilization and Association Agreement (SAA) with the EU in 2013. The SAA provides for a gradual reduction of duty rates for EU products entering Serbia. As a candidate for EU accession, Serbia is in the process of implementing most EU trade policies and regulations.

(For further information on the EU's technical barriers to trade and sanitary and phytosanitary barriers, see the respective subsections in the EU Chapter of this NTE Report.)

Technical Barriers to Trade

Although a 2024 law on homologation (approval and certification) allows for the import of vehicles produced for the U.S. market, full application of the law remains incomplete.

Sanitary and Phytosanitary Barriers

Serbia has an unofficial ban on imports of U.S. pork, beef, and feedstuff of animal origin. Serbia does not accept U.S. veterinary certificates for these products, insisting on export certificates guaranteeing that products have not been exposed to growth hormones.

Serbia's ban on the import of genetically modified products limits U.S. agricultural and other exports. This remains a key obstacle to further negotiations on Serbia's WTO accession.

GOVERNMENT PROCUREMENT

Serbia's use of intergovernmental agreements to award contracts to firms from specific countries limits U.S. company participation in certain types of public procurement, especially infrastructure and transportation projects. Procurement typically favors the lowest cost bids, and institutions remain hesitant to adopt best-value approaches.

SERVICES BARRIERS

Digitally-Enabled Services and Digital Products

Serbia's data localization requirements largely mirror those of the EU. Specifically, it is prescribed that all state authorities and organizations, authorities and organizations of autonomous province and local self-governance units, institutions, public enterprises, special authorities through which regulatory activities are performed, and all legal entities and natural persons entrusted with public authorizations are obliged to keep all their electronic registries and records, including all the data contained therein, as well as electronic communications accounts, in Serbia. Requirements for cloud services using servers located outside of Serbian territory practically limits the scope of services that U.S. companies can provide within Serbia.

OTHER NON-MARKET POLICIES AND PRACTICES

Serbia does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Serbian markets from distortions and ensure a fair and secure trading relationship. Serbia has not entered into an Agreement on Reciprocal Trade that includes commitments to address distortions caused by such NMPPs. Serbia does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Serbia's law regarding the protection of internationally recognized labor rights. The United States also has concerns with respect to labor law enforcement. In addition, U.S. Department of Homeland Security Customs and Border Protection (CBP) maintains an active Withhold Release Order (WRO) against a Serbia-based branch of a Chinese company. On December 18, 2025, CBP issued a WRO against automobile tires manufactured in Serbia by Linglong International Europe D.O.O. Zrenjanin, based on information that reasonably indicates the use of forced labor. Serbia does not have a

ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Serbia's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Serbia an unfair advantage.

OTHER BARRIERS

Bribery and Corruption

Some U.S. firms have identified corruption as an obstacle to foreign direct investment in Serbia, particularly in cases involving public procurement, natural resource extraction, government-owned property, and political influence or pressure on the judiciary and prosecutors.

SINGAPORE

TRADE SUMMARY

The U.S. goods trade surplus with Singapore was \$3.6 billion in 2025, a 91.5 percent increase (\$1.7 billion) over 2024. U.S. goods exports to Singapore totaled \$41.7 billion in 2025, down 7.5 percent (\$3.4 billion) from 2024. U.S. goods imports from Singapore totaled \$38.1 billion in 2025, down 11.8 percent (\$5.1 billion) from 2024. Total U.S. goods trade (exports plus imports) with Singapore was an estimated \$79.8 billion in 2025. Singapore was the 15th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Singapore was \$29.6 billion in 2025, an 18.0 percent increase (\$4.5 billion) over 2024. U.S. services exports to Singapore totaled \$48.5 billion in 2025, up 17.1 percent (\$7.1 billion) from 2024. U.S. services imports from Singapore totaled \$18.9 billion in 2025, up 15.7 percent (\$2.6 billion) from 2024. Total U.S. services trade with Singapore was an estimated \$67.5 billion in 2025. Singapore was the 10th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Singapore Free Trade Agreement

The United States–Singapore Free Trade Agreement (FTA) entered into force on January 1, 2004. The United States and Singapore meet regularly to review the implementation and functioning of the FTA and to address outstanding issues.

IMPORT POLICIES

Taxes

Value-Added Taxes

Singapore applies a value-added tax (VAT), known as the Goods and Services Tax (GST), rate of 9 percent to most goods and services, including U.S. exports to Singapore. Singapore does not rebate the VAT on exports, including exports to the United States, but it has rules to allow “zero-rating” (*i.e.*, charging zero percent GST) if the goods being imported will later be exported. There is no exemption to the GST, but, as of January 1, 2023, Singapore Customs does not collect GST duties on imports valued at less than SG \$400 (approximately \$308). GST duties for these lower-value items are instead collected at the point of sale for registered importers.

Exceptions to the GST include: the provision of financial services; the supply of digital payment tokens; the sale and lease of residential properties; and the import and local supply of investment precious metals.

TECHNICAL BARRIERS TO TRADE

Agricultural Products

Table Egg Labeling Requirements

U.S. egg exporters face difficult-to-meet labeling requirements in Singapore. Since 2020, the United States has been working with the Singapore Food Agency (SFA) to reestablish feasible market access for U.S.

table eggs, which are fresh, in-shell eggs ready for human consumption. While substantial progress was made in 2024 when Singapore agreed to recognize all U.S. Department of Agriculture (USDA) Agricultural Marketing Service approved plants in lieu of requiring individual plant applications, SFA maintains a requirement that either each individual egg be stamped with the plant number or that the sealed, consumer-ready dozen-egg carton carry the stamp. This restrictive requirement is not feasible for many U.S. producers and increases costs, adds operational complexity, and could risk egg damage and egg quality. USDA advocates for allowing sealed cases of eggs labeled with the plant number to be permitted. This approach would enable the use of U.S. table eggs in the hotel, restaurant, and institutional sectors, as well as for retail consumers. The United States will continue to monitor these efforts.

INTELLECTUAL PROPERTY PROTECTION

Despite Singapore's overall strong record on intellectual property protection and enforcement, U.S. stakeholders continue to raise concerns regarding enforcement efforts against infringing goods transshipped through Singapore. Since November 2021, amendments to the Copyright Act impose civil and criminal liability for knowingly making, importing for sale, commercially distributing, or selling illicit streaming devices, and also for providing a service to enable such devices to access content from unauthorized sources. The United States continues to monitor the implementation of these measures. Singapore has increased its prosecutions of individuals involved in the sale of illicit streaming devices, sentencing two offenders to jail in 2025.

The United States continues to urge Singapore to implement its geographical indication system in a fair and transparent manner that does not undermine market access for U.S. producers and exporters who hold trademarks or rely on the use of common names, including in connection with trade agreement negotiations and implementation.

SERVICES BARRIERS

Financial Services

When considering certain mergers or takeovers of banks, the Government of Singapore has a policy of maintaining local banks' market share at no less than 50 percent of total resident deposits. Regarding the expansion of business within Singapore, the Monetary Authority of Singapore (MAS) will consider awarding full bank privileges to new qualifying foreign banks, provided the benefits to Singapore are substantial, as determined by the MAS. This includes consideration of qualifying foreign banks from the United States and other countries with which Singapore has entered into a free trade agreement.

The MAS has issued digital bank licenses to two digital full bank firms and two digital wholesale bank firms since December 2020. For digital full banks, the MAS mandates that applicants must be "anchored" in Singapore, headquartered in Singapore, and controlled by Singaporeans.

Professional Services

Legal Services

Except in the context of international arbitration, U.S. and other foreign law firms with offices in Singapore are not allowed to advise on Singaporean law by employing—or entering into partnership with—Singapore-qualified lawyers. To advise on Singaporean law, foreign firms must either form a joint venture with a Singaporean law practice (licensed as a Joint Law Venture) or obtain licensing as a Qualifying Foreign Law Practice (QFLP). QFLP licenses are limited. Ten licenses have been issued since 2008; nine are still active

since the previous round of renewal in December 2020. According to the Ministry of Law, the QFLP scheme is not currently open for application, and no details are available regarding future applications.

OTHER MARKET-DISTORTING PRACTICES

Singapore does not impose sufficient measures against market-distorting practices in order to insulate the U.S. and Singaporean markets from these distortions and ensure a fair and secure trading relationship. Singapore has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address these distortions. Singapore does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

Singapore does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Singapore's market. This issue may artificially suppress costs, including labor costs, which may give certain goods from and within Singapore an unfair advantage.

OTHER BARRIERS

Medical Products

U.S. stakeholders have expressed interest in greater transparency regarding the Ministry of Health's subsidy policies and procedural rules regarding medical devices and pharmaceuticals, notably for approvals of biopharmaceutical innovations.

Pharmaceuticals

In August 2021, Singapore introduced a list of government-approved cancer drugs and treatments eligible for the country's basic health insurance plan and the financing of outpatient cancer treatment. For patients to receive subsidized treatment, drugs must meet a government-established threshold. Pharmaceutical industry representatives have expressed concern over the lack of transparency and stakeholder engagement from the Ministry of Health in determining which drugs do or do not meet the threshold.

SOUTH AFRICA

TRADE SUMMARY

The U.S. goods trade deficit with South Africa was \$10.1 billion in 2025, a 13.9 percent increase (\$1.2 billion) over 2024. U.S. goods exports to South Africa totaled \$6.4 billion in 2025, up 9.3 percent (\$540.0 million) from 2024. U.S. goods imports from South Africa totaled \$16.5 billion in 2025, up 12.1 percent (\$1.8 billion) from 2024. Total U.S. goods trade (exports plus imports) with South Africa was an estimated \$22.8 billion in 2025. South Africa was the 44th largest U.S. goods export market in 2025.

The U.S. services trade surplus with South Africa was \$1.7 billion in 2025, a 21.4 percent increase (\$304 million) over 2024. U.S. services exports to South Africa totaled \$3.9 billion in 2025, up 9.7 percent (\$343 million) from 2024. U.S. services imports from South Africa totaled \$2.2 billion in 2025, up 1.8 percent (\$39 million) from 2024. Total U.S. services trade with South Africa was an estimated \$6.1 billion in 2025. South Africa was the 40th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States and South Africa signed a Trade and Investment Framework Agreement (TIFA) on June 18, 2012, amending the original 1999 agreement. The TIFA is the primary mechanism for discussions of trade and investment issues between the United States and South Africa.

IMPORT POLICIES

Tariffs

South Africa's average Most-Favored-Nation (MFN) applied tariff rate was 7.5 percent in 2024 (latest data available). South Africa's average MFN applied tariff rate was 8.3 percent for agricultural products and 7.4 percent for non-agricultural products in 2024 (latest data available). South Africa has bound 93.8 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 19.0 percent, including 39.0 percent for agricultural products and 15.6 percent for non-agricultural products in 2024 (latest data available). South Africa's maximum WTO bound tariff rate for transport equipment is 50 percent, and its maximum WTO bound tariff rate for cereals, food preparations, beverages, and tobacco is 597 percent.

The European Union–South African Development Community (SADC) Economic Partnership Agreement (EPA), which has been provisionally applied since October 2016 but is pending entry into force while awaiting ratification by all EU Member States, has led to greater disparities in tariff rates between EU and U.S. exports. The United States has raised concerns about the tariff disparity in bilateral discussions with South Africa, noting the unilateral tariff benefits that the United States offers South African imports under preference programs such as the African Growth and Opportunity Act (AGOA). For example, U.S. distilled spirits face a significant competitive disadvantage in the South African market because EU- and UK-origin spirits receive duty-free access under their respective trade agreements with South Africa. This tariff preference constrains the ability of U.S. exporters to expand market share in a high-value and rapidly growing market.

The South African International Trade Administration Commission (SAITAC) is reviewing the poultry tariff structure and considering proposals that include instituting a specific tariff rate rather than *ad valorem* duties and redefining tariff lines to reflect tariffs at the Harmonized System 6-digit, 7-digit, or 8-digit levels.

This tariff line change would fold different product categories together, and the South African Government could then select the highest tariff from among the group to represent the new product set.

In 2016, the Government of South Africa established an antidumping tariff-rate quota (TRQ) for U.S. frozen bone-in chicken meat based on an agreement between U.S. and South African poultry industry groups. The TRQ initially led to significant growth in U.S. poultry exports; however, the volume of U.S. poultry exports has fallen over the past five years, failing to fill the TRQ allocation since South Africa increased the in-quota tariff rate on bone-in chicken portions from 37 percent to 62 percent. In 2023, SAITAC recommended the continuation of antidumping duties on U.S. products that exceed the TRQ allocation despite the decreasing volume of U.S. exports. In 2023 and 2024, U.S. export challenges were compounded by South Africa delaying the lifting of restrictions on poultry exports from U.S. states that had been declared free from highly pathogenic avian influenza (HPAI). During the 2024/2025 quota year, the United States only utilized 8 percent of the total TRQ volume. The United States continues to work with South Africa to improve access to the South African poultry market.

Taxes

Value-Added Taxes

South Africa applies a standard value-added tax (VAT) rate of 15 percent to most goods and services, including imports from the United States. South Africa rebates or zero-rates VAT on exports, including exports to the United States, under its destination-based VAT system. South Africa does not maintain a formal VAT *de minimis* threshold for imports. All imported goods are generally subject to VAT regardless of value.

Non-Tariff Barriers

Import Bans/Restrictions

The South African Department of Trade, Industry, and Competition prohibits the importation of certain classes and types of goods into South Africa, but in some cases an importer may get an exemption from the prohibition by applying for an import permit from SAITAC. SAITAC also requires import permits on used goods if such goods are also manufactured domestically, significantly limiting importation of used goods. Other categories of controlled imports include waste, scrap, ashes, residues, and goods subject to quality specifications and regulations published by the Government of South Africa.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Certification for Electromagnetic Compatibility Goods

The South African Bureau of Standards (SABS) implements a program for the issuance of Certificates of Compliance (CoCs) for Electromagnetic Interference/Compatibility (EMI/EMC) of electrical and electronic goods, including an annual nonrefundable fee paid by manufacturers for each CoC, fees for registering factories, and fees for model name changes. The program also requires manufacturers to have EMI/EMC testing done at SABS-verified third-party labs. If testing is required from an independent lab that is not SABS-verified, the manufacturer must request that the lab be verified through SABS at the expense of the lab. Ultimately, the regulation is meant to ensure that all electronic equipment entering

South Africa meets the required quality-performance standards. Some U.S. stakeholders, however, have raised concerns that the five-fold increase in certification costs, the additional administrative burden, and the lack of resources in South Africa to support the new procedure will extend time to market for quickly evolving and obsolescing information and communications technology products. South Africa still accepts test results from International Laboratory Accreditation Cooperation (ILAC)-certified labs, but SABS also conducts a comprehensive review of the ILAC test results to ensure that the product meets South African EMC standards. The protracted review can take up to 18 months to complete, during which time the product may become obsolete.

Distilled Spirits

In 2024, South Africa advanced amendments to the Liquor Products Act that could affect labeling, standards of identity, and import or export requirements for alcoholic beverages, including distilled spirits. An initial draft released in June 2024 underwent domestic consultation without notification to the WTO. South Africa later notified an updated proposal to the WTO Committee on Technical Barriers to Trade (g Committee) in October 2024. U.S. industry stakeholders have expressed concern that several provisions could unnecessarily restrict U.S. distilled spirit exports if adopted without further revision. In 2025, the United States raised this issue with South Africa on the margins of the WTO TBT Committee meetings.

Front of Pack Labeling

In January 2023, South Africa published the Draft Regulations Relating to the Labelling and Advertising of Foodstuffs. These proposed regulations would introduce a wide array of new requirements, including front-of-packaging warning labels, restrictions on the import of food products with shelf lives of less than 12 months, unclear or novel food definitions, restrictions on product marketing and claims, and broad ingredient restrictions, among other provisions. Specifically, the regulations would create extensive front-of-pack warning requirements for products containing sugar above set thresholds or any amount of artificial sweeteners. Warnings labels would need to cover 25 percent of the package front and be paired with prohibitions on enrichment, nutrition or health claims, and a wide range of advertising practices. The draft regulations also would prevent products with added caffeine from using the word “energy” on product labels but allow naturally caffeinated products, such as tea and coffee, to continue to use this word. U.S. food and beverage industry stakeholders have raised concerns that the proposed requirements, if adopted, would significantly restrict the ability of U.S. food and beverage manufacturers to formulate, label, and market their products in South Africa. These U.S. stakeholders have also raised concerns that the proposed regulations do not provide the rationale for significant deviations from international standards for food labeling. In 2025, the United States raised this issue with South Africa on the margins of the WTO TBT Committee meetings.

Sanitary and Phytosanitary Barriers

Meat and Poultry

In 2016, South Africa’s Department of Agriculture, Land Reform and Rural Development, now the Department of Agriculture (DOA), recognized that U.S. Department of Agriculture (USDA) veterinarians are not authorized to certify container and seal information as required by DOA. Instead, U.S. exporters must meet the DOA requirement to include and certify this information on a letterhead certificate that accompanies export certificates. Since 2016, DOA has declined granting new market access for additional meat, poultry, and egg products regulated by USDA, noting the compromise that allowed an exporter to provide container and seal information was a “one-time exception.” The U.S. Government has provided numerous and extensive explanations of U.S. export processes, noting that—although USDA veterinarians examine and certify consignments of USDA Food Safety and Inspection Service-regulated products

intended for export—veterinarians are not present at each port to certify industry details such as container and seal information.

South Africa imposes strict microbiological standards for imported meat and poultry products that are not based on international standards and are not enforced on domestically produced products. In 2016, South Africa signed the Agreement on Poultry Importation from the USA to South Africa, which noted specific procedures that would be followed for sampling. Noncompliant products are required to be returned to the country of origin, undergo heat treatment at a registered South African facility, or be destroyed. U.S. industry has raised concerns that South Africa does not use consistent testing methods, which leads to a high level of product rejection.

In April 2025, South Africa initiated a year-long provisional agreement allowing the United States to streamline the process to lift HPAI restrictions, which is termed “self-ban and self-lift”. Since this agreement, South Africa has lifted bans on HPAI-affected U.S. states in a reasonable time period. This agreement is a major improvement but still does not align with World Organization for Animal Health guidelines. In September 2025, South Africa sent letters to all of its trading partners requesting burdensome HPAI data requirements; however, South Africa has not required the United States to include the new data. Due to the lingering restrictions, U.S. poultry exports to South Africa were \$18.2 million in 2025, down from \$20.3 million in 2024. This was the lowest export value since 2015 (\$72,976).

Pork

South Africa imposes multiple restrictions on the importation of pork. For example, South Africa imposes freezing requirements for imported pork products that do not align with international standards. Additionally, South Africa requires certification that U.S. swine are free of pseudorabies, even though the United States eradicated pseudorabies in commercial pork herds in 2004. USDA submitted an eradication plan to DOA in 2023, but South Africa has not updated its requirements. South Africa also restricts the number of pork cuts allowed for importation due to concerns related to Porcine Reproductive and Respiratory Syndrome. These restrictions are more stringent than international standards.

In January 2016, the U.S. Government and DOA reached agreement on the content of a USDA export health certificate for the importation of some U.S. pork products into South Africa. South Africa maintains a list of U.S. pork products that are eligible for import and approves each one individually. Although South Africa has approved the importation of seven additional U.S. pork cuts since 2017, many cuts remain ineligible for import. U.S. exporters have expressed concerns that South Africa requires the removal of all lymphatic material for the import of approved U.S. pork products to South Africa.

GOVERNMENT PROCUREMENT

Some U.S. companies have reported challenges in competing for government tenders, noting issues with nontransparent cancellation of tenders or closed procedures for direct contract awards.

On July 23, 2024, South Africa’s President signed into law the Public Procurement Act 28 of 2024 (Act). The Act provides a comprehensive framework for the procurement of goods and services by all state institutions. As of December 31, 2025, the South African Government still had not issued implementing regulations for the Act.

While the Act is designed to increase procurement transparency, business and civil society organizations have raised concerns that the law grants the government broad discretion to exempt procuring institutions from the new framework in the interest of national security or where compliance is “uneconomical” or

“impractical.” These carveouts are not transparent, and may make it more difficult for U.S. companies to compete on a level playing field.

One of the key provisions of the new law is a stronger focus on economic transformation by prioritizing contracts for domestic small, medium, and micro enterprises and historically disadvantaged individuals. The Act provides for the possibility of set-asides and mandatory sub-contracting through designated beneficiaries, potentially at the expense of U.S. firms unless they form partnerships with local firms. Municipal and provincial authorities also have challenged the Act’s requirements that they implement preferential procurement in lieu of best-value procurement. Some companies also have expressed concern that the preferential procurement provisions lack sufficient detail on how they would be implemented and what measures would be taken to monitor preferential procurement compliance.

Additionally, the new framework will implement technology to streamline procurement processes, making them more efficient and reducing administrative burdens. Such digital tools may provide U.S. companies with a clearer and more accessible pathway for bidding on contracts, provided they comply with the new standards and local content requirements. The Act also includes stringent anti-corruption provisions, such as binding codes of conduct for procurement officials and improved processes for disbarring non-compliant suppliers. If fully implemented, the law would also provide for greater transparency on procurement processes, procurement spending, and other procurement information. However, the enhanced procurement data do not include information on key entities such as state-owned enterprises and certain municipalities, or on national security sectors.

South Africa is neither a Party to the WTO Agreement on Government Procurement (GPA), nor an observer to the WTO Committee on Government Procurement.

INTELLECTUAL PROPERTY PROTECTION

The South African Government has taken some positive steps toward more effective enforcement of intellectual property (IP), including increasing raids of physical markets, appointing additional enforcement officials, improving the training provided to these officials, and increasing public awareness of IP. However, U.S. stakeholders report significant concerns.

On February 29, 2024, South Africa’s Parliament passed the Copyright Amendment Bill and Performers’ Protection Amendment Bill that contain some needed modernizations of the copyright law, such as new performers rights in line with the World Intellectual Property Organization (WIPO) Performances and Phonograms Treaty. These bills, however, also contain provisions that some U.S. stakeholders have asserted would weaken the adequacy and effectiveness of copyright and related rights protection in South Africa. Specific concerns include broad and ambiguous exceptions to copyright and provisions regarding technological protection measures that include overly broad exceptions and lack explicit prohibitions on the circumvention of access controls. U.S. stakeholders continued to raise concerns regarding these bills during the public hearing portion of the 2025 AGOA Annual Eligibility Review process and the annual Special 301 review. In 2024, South Africa’s President referred the bills to the Constitutional Court for a ruling on their constitutionality, and a ruling was pending as of December 31, 2025. The United States continues to monitor these bills and any subsequent implementation.

Under SADC, South Africa agreed to prohibit the use of certain terms that may be common names by recognizing them as geographical indications in its domestic market. The United States remains highly concerned about countries negotiating product-specific IP outcomes as a condition of market access from the EU and reiterates the importance of each IP right being independently evaluated on its individual merits.

SERVICES BARRIERS

Audiovisual Services

The Independent Communications Authority of South Africa (ICASA) imposes local content requirements for satellite, terrestrial, and cable subscription services. Since March 2016, ICASA local content regulations have required up to 80 percent of broadcast programming to consist of South African programming. Foreign ownership in a broadcaster remains capped at 20 percent.

In July 2025, South Africa published an updated draft white paper on regulating audio, audiovisual, and online content services, proposing a new regulatory framework for global streaming platforms and online content providers. The white paper contemplates the introduction of licensing fees for online platforms, to be determined by ICASA, and directs ICASA to assess the potential implementation of local content quotas. These measures raise concerns about increased regulatory and cost burdens on U.S. digital service providers operating in the South African market.

Separately, on November 13, 2025, the Competition Commission of South Africa released its final “Media and Digital Platforms Market Inquiry” report, proposing a range of remedies to address alleged dominance in advertising, digital revenue, and intermediate publishing and social media services by large technology companies and focusing primarily on U.S. companies. The draft report had proposed annual levies and penalties, however, the final report removed the recommended fines following consultation with several U.S. technology companies on a series of commitments by U.S. companies to promote local media performance in news search and online publishing, as well as increasing reach and monetization of local media through digital news platforms.

U.S. technology companies also remain concerned about regulatory proposals tied to the Competition Commission’s July 2023 final report of its “Online Intermediation Platforms Market Inquiry,” which proposed several remedial actions for U.S. technology companies related to online search and software applications, among other findings. U.S. companies have expressed concerns that many of the Competition Commission’s proposed remedies are modeled on similar measures under the EU’s Digital Markets Act.

(For additional information on the EU’s Digital Markets Act, please see the Other Digitally-Enabled Services and Digital Products, Digital Markets Act subsection in the EU Chapter of this NTE Report.)

Other Services

In September 2021, South Africa’s President signed the Private Security Industry Regulation Amendment Act, which prescribes that a security business may only be registered to render security services in South Africa if it is at least 51 percent owned and controlled by South African citizens. The Act also permits the police minister to prescribe different percentages of domestic ownership and control required as a prerequisite for the registration of security businesses operating in different market segments. South Africa has full commitments under the WTO General Agreement on Trade in Services with respect to investigation and security services, including with respect to national treatment for the commercial presence of foreign suppliers.

Other Digitally-Enabled Services and Digital Products

Data Localization

In May 2024, the Ministry of Communications and Digital Technologies published the National Data and Cloud Policy. The Policy stipulates that “data that incorporates content pertaining to the protection and preservation of national security and sovereignty of the Republic shall be stored only in digital infrastructure located within the borders of South Africa.” The scope of covered data remains unclear, and the policy could be interpreted in such a manner that companies are required to locally store wide sets of data to operate in the market.

INVESTMENT BARRIERS

In December 2024, South Africa’s President signed the Expropriation Act of 2024. South Africa claimed the legislation will align its expropriation law with the “just and equitable” compensation standard outlined in its Constitution, replacing the “willing buyer, willing seller” standard under the 1975 Expropriation Act. Under the new act, the government must take into account all relevant circumstances, including the market value of the property, the current use of the property, and the purpose of the expropriation, to determine a “just and equitable” amount of compensation; however, the property can be seized before compensation is determined. The act also provides for an open-ended list of circumstances where land may be expropriated without compensation. The law has faced several ongoing legal challenges focused on both procedural aspects of the new expropriation process and substantive challenges regarding the constitutionality of expropriation without compensation.

U.S. companies continue to raise concerns about issues with the implementation of South Africa’s Broad-Based Black Economic Empowerment (B-BBEE) policies. Key challenges include extended delays in approving Equity Equivalent Investment Program (EEIP) proposals (required for foreign companies to meet B-BBEE standards through investment commitments without diluting ownership), the still-pending extension of EEIP alternatives to additional sectors such as telecommunications, and the proposed application of B-BBEE to sectors previously excepted. The imposition of the B-BBEE requirements has increased the time, cost, and regulatory burden for U.S. companies seeking to invest in South Africa.

For example, the B-BBEE requirements embedded in South Africa’s Mining Charter have created barriers for foreign suppliers and investors. The Charter’s procurement provisions prioritize sourcing from domestic vendors with qualifying B-BBEE ratings, which can effectively exclude or disadvantage U.S. companies that supply specialized mining equipment, technology, and replacement parts but lack local ownership structures. These requirements increase compliance costs, limit market access for foreign firms, and may deter new investment in capital-intensive mining projects.

Mergers and Acquisitions

U.S. companies have raised concerns regarding the implementation of South Africa’s competition policy under the Competition Amendment Act of 2018, which grants South African authorities broad discretion to impose remedies and merger control based on “public interest” criteria to promote a greater spread of ownership to workers or “historically disadvantaged persons.” In March 2024, the Competition Commission published revised guidelines for mergers to implement the so-called public interest criteria and ensure that all mergers promote a greater spread of ownership aligned with government-defined race- and gender-based criteria. U.S. companies and investors have raised concerns that the Commission’s approach has led to more ambiguous, more expensive, and lengthier review processes for mergers and acquisitions.

STATE-OWNED ENTERPRISES

State-owned enterprises play a significant role in the South African economy in key sectors such as electricity, transport (air, rail, freight, and pipelines), and telecommunications. Limited competition is allowed in some sectors (*e.g.*, telecommunications and air). The limited nature of the competition in these sectors has often discouraged foreign investment.

OTHER NON-MARKET POLICIES AND PRACTICES

South Africa does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and South African markets from distortions and ensure a fair and secure trading relationship. South Africa has not entered into an Agreement on Reciprocal Trade that includes commitments to address distortions caused by such NMPPs. South Africa does participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about South Africa's law regarding the protection of internationally recognized labor rights, including with respect to the elimination of discrimination in respect of employment and occupation and a safe and healthy work environment. The United States also has concerns with respect to labor law enforcement. South Africa does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in South Africa's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within South Africa an unfair advantage.

ENVIRONMENT

Illegal Mining

The illegal exploitation of non-renewable resources, driven by economic hardship and high unemployment, is a major challenge in South Africa, and contributes to environmental degradation and socio-economic conflict. Illegally mined gold from South Africa contaminates the legal gold supply chain because undeclared gold from South Africa is smuggled and sold to refineries in the United States, providing illegal operations with a competitive advantage. Illegal gold mining in South Africa also potentially funds criminal organizations and undermines environmental protections and human rights.

Illegal Wildlife Trade and Associated Crimes

Wildlife trafficking is a serious transnational crime that threatens security and economic prosperity. South Africa is a major source, destination, and transit hub of wildlife trafficking products and their derivatives, creating significant threats to species like rare succulents, rhinos, and pangolins. South Africa faces challenges, including sophisticated criminal networks, corruption, under-resourced provincial authorities, and a significant commercial captive breeding industry, which contribute to the illegal trade of animals like big cats and illegal wildlife products like lion bone and rhino horn. Weak penalties for wildlife crimes, lengthy prosecution times, as well as poor environmental law enforcement and corruption facilitate illegal wildlife trade. Such illegal trade undercuts legitimate, regulated trade in wildlife products, for example those used in the pet, fashion, and medical research sectors that comply with strict regulations and

sustainable practices, and contaminates global supply chains with illegal product that can ultimately reach U.S. consumers.

OTHER BARRIERS

Export Restrictions

As of December 31, 2025, South Africa maintains export restrictions, including licensing requirements, export taxes, and export prohibitions on 17 industrial raw materials. In certain cases, the stated policy objectives of these restrictions are to promote further processing and value-added production (antimony, chromium, industrial and natural diamonds, lead, manganese, metal waste and scrap, niobium, platinum group metals (PGM), and vanadium), safeguard domestic supply (metal waste and scrap), or control of foreign exchange (gold). South Africa is a major producer and exporter of certain industry raw materials, including chromium (43.9 percent of global mineral production and 69.3 of global exports in 2023 (latest data available) manganese (33.6 percent of global mineral production and 35 percent of global exports), palladium (33.8 percent of global mineral production and 19.8 percent of global exports), platinum (66.7 percent of global production and 16.3 percent of global exports), and other PGM (89.7 percent of global production and 29.8 percent of global exports).

SWITZERLAND

TRADE SUMMARY

The U.S. goods trade deficit with Switzerland was \$34.3 billion in 2025, a 10.4 percent decrease (\$4.0 billion) over 2024. U.S. goods exports to Switzerland totaled \$71.7 billion in 2025, up 186.3 percent (\$46.7 billion) from 2024. U.S. goods imports from Switzerland totaled \$106.0 billion in 2025, up 67.4 percent (\$42.7 billion) from 2024. Total U.S. goods trade (exports plus imports) with Switzerland was an estimated \$177.7 billion in 2025. Switzerland was the 8th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Switzerland was \$32.1 billion in 2025, an 8.1 percent increase (\$2.4 billion) over 2024. U.S. services exports to Switzerland totaled \$68.3 billion in 2025, up 5.6 percent (\$3.6 billion) from 2024. U.S. services imports from Switzerland totaled \$36.2 billion in 2025, up 3.5 percent (\$1.2 billion) from 2024. Total U.S. services trade with Switzerland was an estimated \$104.5 billion in 2025. Switzerland was the 4th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

United States–Switzerland Trade and Investment Cooperation Forum Agreement

On May 25, 2006, the United States and Switzerland signed an agreement establishing a Trade and Investment Cooperation Forum.

Joint Statement on a Framework for a United States–Switzerland–Liechtenstein Agreement on Fair, Balanced, and Reciprocal Trade

On November 14, 2025, the United States, Switzerland, and Liechtenstein issued a Joint Statement on a Framework for a United States–Switzerland–Liechtenstein Agreement on Fair, Balanced, and Reciprocal Trade (Joint Statement). Under the Framework, Switzerland and Liechtenstein committed to address non-tariff barriers for U.S. agricultural and industrial goods. The United States, Switzerland, and Liechtenstein will continue negotiations to complete the Agreement on Fair, Balanced, and Reciprocal Trade.

IMPORT POLICIES

Tariffs

Switzerland's average Most-Favored-Nation (MFN) applied tariff rate was 3.9 percent in 2024 (latest data available). Switzerland's average MFN applied tariff rate was 28.5 percent for agricultural products and zero percent for non-agricultural products in 2024 (latest data available). Switzerland has bound 99.7 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 6.9 percent. The WTO bound tariff rate is 40.4 percent for agricultural products and 1.8 percent for non-agricultural goods.

In September 2021, the Swiss Parliament approved amendments to the Customs Tariff Act that would abolish tariffs on almost all industrial imports, while leaving agricultural tariffs unchanged. The amendments entered into force on January 1, 2024, removing duties from almost 26 percent of U.S. non-agricultural exports to Switzerland.

On December 10, 2025, following publication of the Joint Statement, Switzerland removed duties on all U.S. industrial goods, U.S. seafood, and certain U.S. agricultural goods, including various fresh and dried nuts, certain fruits, chemicals, and spirits such as whiskey and rum. In addition, Switzerland established tariff-rate quotas (TRQs) for American poultry (1,500 metric tons), beef (500 metric tons), and bison (1,000 metric tons). These tariff reductions and TRQs were implemented through the Ordinance on Import Duties Applicable to Goods Originating from the United States of 12 November 2025 and the Ordinance of Federal Department of Economic Affairs, Education and Research Concerning the Rules of Origin Applicable to Goods Originating in the United States of 8 December 2025.

Agriculture

Despite concessions by Switzerland in the Joint Statement, U.S. agricultural market access to the Swiss market continues to be limited by high tariffs on certain products, preferential tariff rates for products from other trading partners, and certain government regulations.

Swiss agriculture is highly subsidized and regulated with price controls, production quotas, import restrictions, and tariffs, which all support domestic production. Imports of a broad range of agricultural products, particularly those that compete with Swiss products, are subject to seasonal import duties, quotas, and import licensing. Agricultural products not produced in Switzerland, such as tropical fruit and nuts, tend to have lower tariffs. Support to producers as a share of gross farm receipts remains high at 49 percent on average between 2022 and 2024, which is more than three times the average for members of the for Organization for Economic Cooperation and Development.

Swiss trade groups and certification associations also impose barriers on certain agricultural imports that compete with Swiss products. In particular, the registration fee for bovine genetics for bulls originating in the United States remains many times higher than the fee for domestic bulls. Additionally, Switzerland's stringent and detailed Organic Farming Ordinance rules, complex certification and labeling requirements, and the dominance of two major retailers, favor local brands, creating significant hurdles for imported organic products despite equivalence agreements.

Taxes

Value-Added Taxes

Switzerland applies a standard value-added tax (VAT) rate of 8.1 percent to most goods and services, including U.S. exports to Switzerland. VAT duties are rebated on exports, including exports to the United States. The VAT does not apply to imports where the tax amount due is less than CHF 5 (approximately \$6.25).

There are exceptions, however, where reduced rates apply to specific categories of goods. For example, the “Reduced Rate” of 2.6 percent applies to essential items such as food, non-alcoholic beverages, books, newspapers, medications, and menstrual hygiene products; the “Special Rate” of 3.8 percent applies specifically to the accommodation sector, including hotel stays and overnight lodging; and there are VAT exemptions for certain services—such as healthcare, education, insurance, and financial services—are generally exempt from VAT.

Non-Tariff Barriers

Import Licensing

Switzerland maintains a complex import licensing regime, primarily to facilitate the allocation of TRQs. TRQ-related non-automatic licenses are required for imports of various animal, dairy, fresh fruit, and vegetable products.

SANITARY AND PHYTOSANITARY BARRIERS

Switzerland aligns many of its sanitary and phytosanitary (SPS) measures with those of the European Union (EU). In 2025, Switzerland took steps toward implementing the EU and Switzerland Common Food Safety Area, further cementing this alignment and harmonization of SPS regulatory systems. As outlined in the SPS section of the EU Chapter of this National Trade Estimate Report, specific trade concerns include measures that unnecessarily restrict trade without furthering safety objectives because they are not based on risk, are maintained without sufficient scientific evidence, or are applied beyond the extent necessary that they negatively impact market access for U.S. agricultural products.

Switzerland's restrictive SPS measures for agricultural biotechnology products have impeded access to the Swiss market. In particular, Switzerland maintains a moratorium on the planting of biotechnology crops and the marketing of products derived from animal biotechnology. In March 2022, the moratorium was extended, for the fifth time, until 2030. As of December 31, 2025, Switzerland had approved only 1 biotechnology soybean product and 3 biotechnology corn products for food and feed use, and only 11 total enzymes, vitamins, and sugars produced by or derived from modern agricultural biotechnology for food use.

INTELLECTUAL PROPERTY PROTECTION

Switzerland generally maintains high standards of intellectual property protection and enforcement and makes important contributions to promoting such protection and enforcement internationally. Although Switzerland was removed from the Special 301 Report in 2020 after many years of engagement, U.S. copyright holders continue to have concerns that Switzerland remains a host country for websites offering infringing content and the services that support them, as well as concerns about amendments to Switzerland's Copyright Act that came into force on April 1, 2020. These concerns include continuing uncertainty regarding the application of the amended provisions of the Copyright Act, alleged difficulties in using Internet Protocol addresses to pursue civil claims of copyright infringement, a "private use" exception that permits personal use of a single copy of a work even if derived from an unauthorized source, and a lack of sufficient "know-your-customer" protocols for data centers and Internet service providers. The United States is carefully monitoring the Swiss Government's implementation and interpretation of the new legislation as well as its effectiveness.

SERVICES BARRIERS

Audiovisual Services

A "unique distributor clause" in Switzerland's Film Act requires a single distributor to have exclusive control over all language versions of a film for all forms of distribution, including theatrical release, DVDs, and video-on-demand. The Act also requires providers of video-on-demand services to spend 4 percent of their revenues sourced from Switzerland on Swiss film and series production or pay a substitute levy and requires a 30 percent quota of European-produced content in their video-on-demand offerings. On

November 26, 2025, the Swiss Federal Council approved an amendment to the Ordinance on the Quota for European Films and Investment in Swiss Film Production. The amendment expands the scope of qualifying investments to other phases of the film production process. From 2026, revenue collected from providers of video-on-demand services may also be allocated to the development phase of film and television projects, including screenwriting and project preparation, not just production.

Insurance Services

Managers of foreign-owned insurance company branches must reside in Switzerland.

Other Digitally-Enabled Services and Digital Products

Data Localization Requirements

Swiss law restricts the transfer of personal data outside of Switzerland, except to specific countries that Switzerland has determined provide adequate data protection under Swiss law or when other specific requirements are met, such as the use of standard contract clauses or binding corporate rules. Restrictions on the flow of data have a significant effect on the conditions for enabling the functionality embedded in smart devices.

On September 8, 2020, the Federal Data Protection and Information Commissioner of Switzerland issued an opinion concluding that the Swiss–U.S. Privacy Shield Framework does not provide an adequate level of protection for data transfers from Switzerland to the United States pursuant to Switzerland’s Federal Act on Data Protection. The Swiss action followed a July 2020 judgment by the Court of Justice of the European Union, which invalidated an earlier European Commission decision on the adequacy of the protection provided by the EU–U.S. Privacy Shield Framework. The Swiss Government had determined in January 2017 that the Swiss–U.S. Privacy Shield Framework provided U.S.-based organizations with a mechanism to comply with Swiss data protection requirements when transferring personal data from Switzerland to the United States.

Executive Order (EO) 14086 of October 7, 2025, [Enhancing Safeguards for United States Signals Intelligence Activities](#), implements the U.S. commitments under the EU–U.S. Data Privacy Framework, as well as the analogous Swiss–U.S. Data Privacy Framework (Swiss–U.S. DPF). On the basis of the Swiss–U.S. DPF Principles, EO 14086, 28 C.F.R. part 201, and accompanying letters and materials from the U.S. Government, Switzerland has recognized the adequacy of protection provided by the Swiss–U.S. DPF since September 2024.

(For further information on the EU’s General Data Protection Regulation and the EU–U.S. Data Privacy Framework, see the Other Digitally-Enabled Services and Digital Products subsection in the EU Chapter of this NTE Report.)

OTHER NON-MARKET POLICIES AND PRACTICES

Switzerland does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Swiss markets from distortions and ensure a fair and secure trading relationship. Switzerland has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address distortions caused by such NMPPs. Switzerland participates in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

Switzerland does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Switzerland's market. This issue may artificially suppress costs, including labor costs, which may give certain goods from and within Switzerland an unfair advantage.

TAIWAN

TRADE SUMMARY

The U.S. goods trade deficit with Taiwan was \$146.8 billion in 2025, a 99.1 percent increase (\$73 billion) over 2024. U.S. goods exports to Taiwan totaled \$54.7 billion in 2025, up 28.5 percent (\$12.1 billion) from 2024. U.S. goods imports from Taiwan totaled \$201.4 billion in 2025, up 73.3 percent (\$85.2 billion) from 2024. Total U.S. goods trade (exports plus imports) with Taiwan was an estimated \$256.1 billion in 2025. Taiwan was the 10th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Taiwan was \$1.5 billion in 2025, a 206.9 percent increase (\$1.0 billion) over 2024. U.S. services exports to Taiwan totaled \$14.9 billion in 2025, up 8.8 percent (\$1.2 billion) from 2024. U.S. services imports from Taiwan totaled \$13.4 billion in 2025, up 1.4 percent (\$187 million) from 2024. Total U.S. services trade with Taiwan was an estimated \$28.3 billion in 2025. Taiwan was the 18th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Taiwan Trade and Investment Framework Agreement

Since 1994, the United States and Taiwan have had in place a Trade and Investment Framework Agreement (TIFA), signed by the American Institute in Taiwan (AIT) and the Taipei Economic and Cultural Representative Office in the United States (TECRO). The TIFA is an important mechanism for discussing a broad range of trade and investment issues between the United States and Taiwan. Meetings of the TIFA Council are typically co-led by a Deputy United States Trade Representative and Taiwan’s Deputy Trade Representative, under the auspices of AIT and TECRO. Following the TIFA Council meeting held on June 29, 2021, the United States and Taiwan focused their engagement on the negotiation of trade agreements.

United States–Taiwan Initiative on 21st-Century Trade

The United States and Taiwan, under the auspices of AIT and TECRO, announced the launch of the United States–Taiwan Initiative on 21st-Century Trade on June 1, 2022. The U.S.–Taiwan Initiative on 21st-Century Trade was intended to develop concrete ways to deepen the economic and trade relationship between the two economies, advance mutual trade priorities based on shared values, and promote innovation and inclusive economic growth for workers and businesses. On June 1, 2023, the two sides signed an agreement under the U.S.-Taiwan Initiative on 21st-Century Trade. This agreement includes important commitments and outcomes in the areas of customs administration and trade facilitation, good regulatory practices, services domestic regulation, anticorruption, and small and medium-sized enterprises. The agreement entered into force on December 9, 2024.

United States–Taiwan Agreement on Reciprocal Trade

On February 12, 2026, the United States and Taiwan, under the auspices of AIT and TECRO, signed an Agreement on Reciprocal Trade (ART). The ART will enter into force following approval from the Taiwan legislature. This NTE Chapter includes an illustrative set of the ART provisions that address identified barriers. The United States will monitor the implementation of the ART.

IMPORT POLICIES

Tariffs

Taiwan's average Most-Favored-Nation (MFN) applied tariff rate was 6.3 percent in 2024 (latest data available). The average MFN applied tariff rate was 15.9 percent for agricultural products and 4.8 percent for industrial products in 2024 (latest data available). Taiwan has bound 100 percent of its tariff lines at the World Trade Organization (WTO), with an average WTO bound tariff rate of 6.7 percent.

Taiwan maintained tariff-rate quotas (TRQs) on multiple products when it became a WTO Member in January 2002, and then phased several of them out over the years. However, many TRQs on agricultural products remained in place in 2025. Agricultural TRQs cover 16 products, including rice, peanuts, bananas, and pineapples.

Taiwan has recourse to special safeguards (SSGs) for agricultural products covered by TRQs. SSGs, which are permitted under Article 5 of the WTO Agreement on Agriculture, allow Taiwan to impose additional duties when import quantities exceed SSG trigger volumes or import prices fall below SSG trigger prices. Because Taiwan previously did not import many of these products, its SSG trigger volumes are relatively low. As of December 31, 2025, Taiwan had recourse to an SSG via the volume trigger for eight agricultural product categories: peanuts, betel nuts, poultry offal, livestock offal, red beans, persimmons, pork belly, and dried garlic bulbs.

Under the ART, Taiwan has committed to eliminate or reduce tariffs on 99 percent of all tariff lines previously subject to a tariff. In addition, originating agricultural goods of the United States are not to be subject to any duties applied by Taiwan, pursuant to an SSG taken under the WTO Agreement on Agriculture.

Taxes

Taiwan taxes rice wine for cooking (*mijiu* labeled for cooking) at a lower rate than that applied to alcoholic products consumed as beverages, even though cooking *mijiu* can be consumed as an alcoholic beverage. The United States and other trading partners continue to express their concerns to the Taiwan authorities that steps should be taken to ensure that imported alcoholic beverages are not taxed at a higher rate than domestically produced alcoholic beverages, including cooking *mijiu* that can be consumed as an alcoholic beverage.

Value-Added Taxes

Taiwan applies a standard value-added tax (VAT) rate of 5 percent to most goods and services, including U.S. exports to Taiwan. Taiwan rebates VAT duties on exports, including exports to the United States. Taiwan does not exempt VAT based on import values.

Under the ART, Taiwan has agreed to refrain from imposing any VAT that discriminates against U.S. companies.

Non-Tariff Barriers

Quantitative Restrictions

In certain years, the Taiwan authorities have rejected bids from U.S. rice exporters under its country-specific quota (CSQ) regime, arguing that high U.S. prices exceeded Taiwan's ceiling price. Taiwan's ceiling price mechanism is not made public, raising concerns that prices are arbitrarily set lower than the levels bid by U.S. exporters, causing the tenders to fail. In 2022, Taiwan filled only 61 percent (39,355 metric tons) of the U.S. CSQ for rice with the remainder (25,279 metric tons) released to global tender, the biggest shortfall since 2014 given fluctuations in rice prices. In 2023, 2024, and 2025, Taiwan filled 100 percent of the CSQ for U.S. rice, totaling 64,634 metric tons in each year.

Under the ART, Taiwan has committed to provide the United States with the ceiling price for tenders and the methodology used to calculate the ceiling price and to address any concerns raised by the United States.

Pork

U.S. stakeholders have expressed concern that the Taiwan authorities have conducted inspections targeting establishments in Taiwan handling U.S. pork, including importers, distributors, and food service establishments, without justification. The Taiwan authorities have returned to these establishments frequently, disrupting the establishments' normal business operations and thereby discouraging them from purchasing U.S. pork. Under the ART, Taiwan has committed to accord U.S. pork treatment no less favorable than the treatment accorded to Taiwan pork or pork from a third economy, including with respect to inspections.

Customs Barriers and Trade Facilitation

Taiwan requires that genetically engineered (GE) and non-GE raw materials, such as corn and soybeans, enter under separate tariff lines. The GE products are evaluated by regulatory authorities in comparison to their non-GE counterparts and have been found to be as safe as their non-GE counterparts. Once approved, they are comingled with the non-GE products in the agricultural supply chain. There is no scientific or technical basis for Taiwan's separate tariff lines for GE and non-GE raw materials.

TECHNICAL BARRIERS TO TRADE/SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Pork

In January 2021, Taiwan implemented country of origin labeling requirements for a range of pork products, including processed pork products. The relevant measures were notified to the WTO in September 2020. Taiwan's presentation of the labeling requirements to the public as a means to ensure the food safety of U.S. pork products, while simultaneously implementing maximum residue limits (MRLs) for ractopamine in imported pork, inaccurately implied that there is a food safety concern with U.S. pork products, including pork produced with ractopamine. *(For further information, see the "Maximum Residue Limits—Beta Agonists" subsection of this NTE Report Chapter.)* Taiwan increased country of origin labeling inspections and ractopamine residue testing along the supply chain (e.g., importer, wholesaler, and end users, such as restaurants), targeting U.S. pork.

Under the ART, Taiwan has committed to base the nature and frequency of testing for residue levels of beta agonists and inspections for compliance with country-of-origin labeling requirements on the establishment's record of compliance.

Automobiles

Taiwan adopted the United Nations Economic Commission for Europe 1958 Agreement on automobile standards when it became a WTO Member in January 2002. In April 2008, Taiwan's Ministry of Transportation and Communications (MOTC) introduced a regulation that allows the importation of a limited number of imported vehicles that are not 1958 Agreement-compliant but do comply with U.S. Federal Motor Vehicle Safety Standards (FMVSS), which provide an equivalent level of safety. The MOTC's regulation limited the number of FMVSS-compliant vehicles on the road in Taiwan to 100 units per car model in 2021, and this number was reduced to 75 units per car model in 2023. Some vehicle manufacturers in the United States want to introduce periodically unique new U.S.-made models to stimulate interest in their brands. However, if the vehicles are FMVSS-compliant but not 1958 Agreement-compliant, exports of those vehicles cannot exceed the limit set by the MOTC.

Under the ART, Taiwan has committed to remove the quantitative restrictions and accept U.S. vehicles built to FMVSS and emissions standards without additional requirements to enter Taiwan.

Sanitary and Phytosanitary Barriers

Beef and Beef Products

Taiwan banned imports of U.S. beef and beef products following the detection of an animal with bovine spongiform encephalopathy (BSE) in the United States in 2003. In October 2009, the United States and Taiwan reached an agreement on a protocol, signed by AIT and TECRO, to expand market access to fully re-open the Taiwan market to all U.S. beef and beef products for human consumption. However, Taiwan subsequently implemented a number of barriers to U.S. beef and beef products.

In 2025, claiming BSE concerns, Taiwan continued to ban imports of certain U.S. beef products (*e.g.*, ground beef) even though imports of these products are permitted under the 2009 AIT-TECRO beef protocol. Taiwan also imposed onerous port-of-entry inspection procedures that are not science-based on certain U.S. beef offal products. The United States continues to urge Taiwan to open its market fully to U.S. beef and beef products based on science, the World Organization for Animal Health (WOAH) guidelines, the United States' negligible risk status for BSE, and the 2009 AIT-TECRO beef protocol.

Under the ART, Taiwan has committed not to adopt or maintain any measure that is inconsistent with the WOH guidelines. Accordingly, Taiwan will remove its ban on the import of certain U.S. beef products. Taiwan will also remove its onerous port-of-entry inspection procedures.

Animal Byproduct

In 2025, Taiwan continued to restrict the importation of bovine blood products for animal consumption and bulk shipments of tallow from the United States, citing concerns related to BSE. The United States has urged Taiwan to open its market to U.S. bovine blood products for animal consumption and bulk shipments of U.S. tallow consistent with the WOH guidelines.

Under the ART, Taiwan has committed not to adopt or maintain any measure related to importation of animal byproducts from the United States, including bovine blood products for animal consumption and tallow, that is inconsistent with the WOH guidelines.

Maximum Residue Limits—Beta Agonists

As of December 31, 2025, Taiwan has not implemented Codex Alimentarius Commission (Codex) MRLs for ractopamine in imported beef products other than imported beef muscle (*e.g.*, offal). On January 1, 2021, Taiwan implemented Codex MRLs for ractopamine in imported pork muscle, fat, and liver. Taiwan also implemented an MRL for ractopamine in imported pork kidney that is more restrictive than the Codex MRL. The United States is concerned that the risk assessment for Taiwan's MRLs for imported pork kidney and imported swine offal other than kidney and liver is not based on a realistic exposure scenario. The United States is also concerned that Taiwan's method of testing for ractopamine residue is not aligned with methods of analysis for ractopamine that are identified as suitable for regulatory use by the Joint Food and Agriculture Organization/World Health Organization Expert Committee on Food Additives (JECFA), and could provide inaccurate results.

Under the ART, Taiwan has committed to adopt or maintain the Codex MRL for ractopamine residue in beef fat, kidney, liver and muscle, and pork fat, kidney, liver and muscle. For bovine and swine offal other than kidney and liver, for which there is currently no Codex MRL, Taiwan has committed to adopt an MRL of 0.09 parts per million, or any MRL otherwise adopted by Codex. Taiwan has also committed to adopt a method of analysis to test for ractopamine residue that is validated and does not employ a hydrolysis step to release conjugated ractopamine, as identified by JECFA as suitable for regulatory use for ractopamine.

Apart from ractopamine, Taiwan has not established MRLs for other beta agonist compounds or provided a rationale to support this policy. The United States continues to urge Taiwan to implement science-based and risk-based MRLs without undue delay and to accept and approve new applications for MRLs for beta agonists based on science and risk, and in a timely manner.

Maximum Residue Limits—Agrochemicals

For several years, the United States has raised concerns with various aspects of Taiwan's process for establishing MRLs for pesticides. One example involves the limited opportunities for applicants to provide additional information during the review process.

Under the ART, Taiwan has committed to accept, where Taiwan has not established an MRL, the corresponding U.S. tolerance (MRL) or corresponding Codex MRL.

Chipping Potatoes

On occasion, Taiwan has rejected shipments of U.S. chipping potatoes due to requirements put in place in 2018 that implemented specific restrictions on sprouting for imported potatoes. Entire shipments have been rejected, even though sprouting does not pose a food safety risk, and potatoes with sprouts were previously removed as part of a normal sorting process prior to 2018. In February 2026, Taiwan adopted new requirements that allow entry of shipments with chipping potatoes exhibiting sprouting (or rot or mold), subject to sorting and disposal of such chipping potatoes at a processing facility.

Agricultural Biotechnology

Taiwan has banned the use of biotechnology food ingredients and processed food with biotechnology food ingredients in school meals since December 2015. The United States continues to have concerns about the scientific basis for this ban and continues to urge Taiwan to rescind the measure.

INTELLECTUAL PROPERTY PROTECTION

In May 2019, Taiwan amended Article 87.1.8 and Article 93 of the Copyright Act to combat the use of illicit streaming devices. Following this amendment, Taiwan's law enforcement agencies have investigated and prosecuted businesses selling illicit streaming devices under this provision. However, right holders report that online piracy remains widespread. Additionally, right holders continue to report serious challenges with respect to the unauthorized use of textbooks and copyrighted teaching materials, particularly via on-campus digital platforms. In May 2022, Taiwan further amended the Copyright Act to allow criminal prosecution without a complaint from the right holder for online piracy over the threshold of approximately \$32,800 in damages. However, as of December 31, 2024, the Copyright Act amendments had not been implemented.

Draft amendments to other articles of the Copyright Act, which were sent to the Legislative Yuan (LY) in October 2017 for review, remain pending. While the draft amendments represented progress in some areas, they also contained potentially overly broad exceptions to copyright protection and obstacles to criminal enforcement, in addition to troubling provisions relating to licensing and the role of collective management organizations. These draft amendments, which were resubmitted to the LY by the Executive Yuan in April 2021, have not been resubmitted in a subsequent legislative term as of December 31, 2025.

Under the ART, Taiwan has made commitments that will benefit American innovators and creators by enhancing intellectual property protection and prioritizing enforcement against intellectual property theft. This includes aligning with the standards in key international intellectual property treaties. Taiwan has also committed to robust standards for transparency and fairness regarding the protection of geographical indications (GIs) and to ensure that U.S. products can continue using terms that have been unfairly protected as GIs.

INVESTMENT BARRIERS

In Taiwan, no foreign investment is allowed in the manufacturing of certain chemical materials and metals, television and radio programming services, electricity transmission and distribution, and postal activities. Foreign ownership in the telecommunications sector is limited to 49 percent direct ownership. For foreign ownership of telecommunications, combined direct and indirect foreign ownership is limited to 60 percent. The foreign ownership ceiling on airline companies, airport ground handling companies, air cargo terminals, and catering companies is 49 percent, with each individual foreign investor subject to an ownership limit of 25 percent. Foreign investment in Taiwan-flagged merchant shipping services is limited to 50 percent for Taiwan shipping companies operating international routes. Taiwan's Cable Radio and Television Law limits foreign direct investment in domestic cable television services to 20 percent of the operator's total issued shares. Foreign investment in satellite television broadcasting services is also restricted to no more than 50 percent.

OTHER NON-MARKET POLICIES AND PRACTICES

Taiwan does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Taiwanese markets from distortions and ensure a fair and secure trading relationship. Under the ART, Taiwan has agreed to provisions to address some distortions caused by such NMPPs. Taiwan does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Taiwan's laws regarding the protection of internationally recognized labor rights, including with respect to freedom of association and the effective recognition of the right to collective bargaining, forced labor, and discrimination in respect of employment and occupation. In addition, U.S. Department of Homeland Security Customs and Border Protection (CBP) maintains two active Withhold Release Orders (WROs) and one active Finding against Taiwanese entities. On September 24, 2025, CBP issued a WRO against bicycles, bicycle parts, and accessories manufactured in Taiwan by Giant Manufacturing Co. Ltd., based on information that reasonably indicates the use of forced labor. On January 28, 2022, CBP determined that there is sufficient information to support a Finding that the Taiwanese *Da Wang* fishing vessel, owned by Yong Feng Fishery Ltd., is using forced labor in its fishing operations. Since December 31, 2020, CBP also maintains a WRO against Taiwanese fishing vessel Lien Yi Hsing No. 12 based on information reasonably indicating the use of forced labor.

In addition, Taiwan does not yet have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Taiwan's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from Taiwan an unfair advantage.

Under the ART, Taiwan has committed to address various labor-related concerns that the United States has raised and to implement a ban on the importation of goods produced with forced or compulsory labor.

ENVIRONMENT

Taiwan operates one of the largest distant water fishing fleets, which is estimated to be second only to China's distant water fleet. Taiwan's total fisheries subsidies are estimated to be approximately \$700 million annually, with more than half of those subsidies directed to foreign waters and high seas fishing activity. Exports to the United States make up 10 percent of Taiwan's total seafood exports. This economic support allows Taiwan and its fishers to export seafood products at lower than market price to the United States, where those seafood exports then compete with U.S.-caught seafood. Taiwan accepted the WTO Agreement on Fisheries Subsidies (AFS) in February 2025.

Under the ART, Taiwan has committed to fully implement its obligations under the AFS. Taiwan also committed to ensure that its fisheries subsidies do not contribute to overcapacity and overfishing. The United States will continue to monitor the efforts and measures by Taiwan's authorities to address systemic issues, given the ongoing scrutiny from international organizations and nongovernmental organizations, indicating enforcement gaps and underscoring the need for sustained oversight and effective enforcement.

OTHER BARRIERS

Pharmaceuticals

In the pharmaceuticals sector, although the National Health Insurance Administration (NHIA) has tried to improve engagement with concerned stakeholders, U.S. stakeholders continue to highlight the lack of transparency and predictability with respect to the NHIA's pricing approval procedures, including during renegotiations of managed entry agreements and under recent applications of Health Technology Reassessments. The NHIA shortened the pricing approval timelines effective January 2024 to respond to some concerns raised by stakeholders.

Under the ART, Taiwan has committed to accept U.S. Food and Drug Administration (FDA) marketing authorizations for pharmaceuticals manufactured in the United States without additional requirements for entry into Taiwan's market. Taiwan has also committed to ensure transparency and procedural fairness regarding listing and setting the amount for reimbursement of pharmaceuticals under its health care system. The United States will also monitor Taiwan's acceptance of the results of a good manufacturing practice surveillance inspection conducted by the U.S. FDA of a manufacturing facility for pharmaceutical products when there is no further need for an inspection or reinspection and when the most recent U.S. FDA inspection report as provided by the facility is classified as no action indicated, demonstrating no objectionable conditions or practices.

Medical Devices

In Taiwan, self-pay options are available for implanted medical devices and a range of other commonly used medical devices that are not approved for NHIA reimbursement. These medical devices must be issued a self-pay code. According to U.S. stakeholders, the NHIA imposes administrative penalties on hospitals that ask patients to self-pay for devices without a self-pay code. The NHIA began assigning temporary self-pay codes in April 2014, but it also requires a review of new therapeutic procedures for which the medical device is used before a temporary self-pay code can be issued. U.S. stakeholders have raised concerns with these procedures, highlighting that increased transparency and faster issuance of temporary self-pay codes are needed to be responsive to patient demand.

Under the ART, Taiwan will accept U.S. FDA marketing authorizations for medical devices manufactured in the United States without additional requirements for entry into Taiwan's market. Taiwan has also committed to ensure transparency and procedural fairness regarding listing and setting the amount for reimbursement of medical devices under its health care system. Taiwan has also committed to streamline the self-pay approval process and to create a unified platform for procedure codes.

THAILAND

TRADE SUMMARY

The U.S. goods trade deficit with Thailand was \$71.9 billion in 2025, a 58 percent increase (\$26.4 billion) over 2024. U.S. goods exports to Thailand totaled \$19.5 billion in 2025, up 9.1 percent (\$1.6 billion) from 2024. U.S. goods imports from Thailand totaled \$91.3 billion in 2025, up 44.2 percent (\$28.0 billion) from 2024. Total U.S. goods trade (exports plus imports) with Thailand was an estimated \$110.8 billion in 2025. Thailand was the 23rd largest U.S. goods export market in 2025.

The U.S. services trade deficit with Thailand was \$267 million in 2025, a 90.7 percent increase (\$127 million) over 2024. U.S. services exports to Thailand totaled \$3.8 billion in 2025, up 8.6 percent (\$297 million) from 2024. U.S. services imports from Thailand totaled \$4.0 billion in 2025, up 11.7 percent (\$424 million) from 2024. Total U.S. services trade with Thailand was an estimated \$7.8 billion in 2025. Thailand was the 41st largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Thailand Trade and Investment Framework Agreement

The United States and Thailand signed a Trade and Investment Framework Agreement (TIFA) on October 23, 2002. The TIFA is the primary mechanism for bilateral discussions of trade and investment issues.

Joint Statement on a Framework for an Agreement on Reciprocal Trade

In October 2025, the United States and Thailand issued a Joint Statement on a Framework for a United States-Thailand Agreement on Reciprocal Trade. The Framework outlined key terms to be formalized under the agreement, including that Thailand will eliminate tariff barriers on approximately 99 percent of goods, covering a full range of U.S. industrial and food and agricultural products. Thailand also committed to address non-tariff barriers to U.S. exports, including by: accepting U.S. manufactured vehicles manufactured to comply with U.S. Federal Motor Vehicle Safety Standards (FMVSS) and emissions standards; accepting U.S. Food and Drug Administration (FDA) certificates and prior marketing authorizations for medical devices and pharmaceuticals as sufficient to meet Thailand's requirements; issuing import permits for U.S. ethanol for fuel; amending its customs laws to remove the customs reward system related to customs breaches and penalties; and adopting and implementing good regulatory practices. In addition, Thailand committed to adopt and maintain high levels of environmental protection and to effectively enforce its environmental laws. Thailand also committed to resolve long-standing intellectual property issues, including regarding enforcement against trademark counterfeiting and copyright piracy, rogue collective management organizations, circumvention of technological protection measures, and the patent backlog. The United States and Thailand will continue negotiations to work to finalize the agreement.

IMPORT POLICIES

Tariffs

Thailand's average Most-Favored-Nation (MFN) applied tariff rate was 9.9 percent in 2024 (latest data available). Thailand's average MFN applied tariff rate was 28.3 percent for agricultural products and 7.0

percent for non-agricultural products in 2024 (latest data available). Thailand has bound 76.9 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 26.6 percent.

Taxes

Value-Added Taxes

Thailand applies a standard value-added tax (VAT) rate of 7 percent to most goods and services, including U.S. exports to Thailand. Thailand does not charge a VAT on exports from Thailand. If an exporter has paid a VAT during intermediary steps of production, the exporter can apply for a refund of any VAT paid. Unless an exemption is applicable, all imports are now subject to a VAT. Products and services not subject to a VAT include small businesses with an annual revenue of less than THB 1.8 million (approximately \$54,711), sales and imports of certain unprocessed agricultural products and inputs, certain basic services, and imports into export processing zones, among others.

Non-Tariff Barriers

Import Bans/Restrictions

Thailand's 20-year Alternative Energy Development Plan (AEDP) (2018-2037) aims to increase biofuel and renewable energy consumption to 30 percent by 2037. However, Thailand currently restricts the importation of biofuels intended for fuel use in order to support the production of biofuels from Thai farms. Fuel ethanol imports require approval and issuance of permits by Thailand's Ministry of Energy, which bases its decision on the availability of domestic ethanol supply. As Thailand has pursued higher biofuel blend rates (Gasohol E20 and Biodiesel B7) under its energy roadmap, it has chosen to rely on domestic production and has not revised its discretionary import permit system, which in practice keeps foreign fuel ethanol out of the market. As a result, Thailand has not approved an import permit for fuel ethanol since 2005.

Import Licensing

Import licenses are required for the importation of many items, including wood, petroleum, industrial machinery, textiles, pharmaceuticals, cosmetics, and food and agricultural items, such as plants, seeds, processed meats, and salt. In some cases, imports of certain items not requiring an import license are subject to additional fees and to certificate of origin requirements. Additionally, several products are subject to import controls under miscellaneous laws.

Thailand imposes domestic purchase requirements as a precondition for importation of several products subject to tariff-rate quotas (TRQs), including coffee, tea, potatoes, corn, soybeans, and soybean meal.

Customs Barriers and Trade Facilitation

Thailand provides incentives to customs officials who initiate investigations or enforcement actions. The United States remains concerned with Thailand's system due to the potential for corruption and the cost, uncertainty, and lack of transparency associated with the customs penalty and reward system. Thailand amended its Customs Act in 2017 to add a requirement that the target of an investigation must have had an intent to defraud. The amendment also capped incentives at 20 percent of either the sale price of seized goods or the fine, with a maximum incentive of THB 5 million (approximately \$151,976) and limited post-audit inspections to five years from the date of import or export. Despite these changes to the Customs Act, potential conflicts of interest and personal incentives to initiate investigations or enforcement actions

remain. Thailand has announced plans to potentially eliminate incentives for senior customs officials, but would not remove the existing incentives scheme.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

In conjunction with ASEAN harmonization efforts, Thailand is working to align domestic motor vehicle standards and regulations with those set under the United Nations Economic Commission for Europe (UNECE) 1958 Agreement. However, Thailand does not fully accept U.S. FMVSS and emissions standards as sufficient for meeting its domestic requirements, creating barriers for U.S. vehicle and vehicle parts exports to enter the market.

Sanitary and Phytosanitary Barriers

Import Fees

Thailand imposes food safety inspection fees in the form of import permit fees on all shipments of cooked and uncooked meat. The current fee levels were set in October 2016 at THB 7 per kilogram (approximately \$213 per metric ton) for imported cooked and uncooked meat for food or animal feed and at THB 3 per kilogram (approximately \$91 per metric ton) for imported cooked and uncooked meat for purposes other than food or animal feed. Under the Thai Animal Epidemics Act of 2015, the Ministry of Agriculture and Cooperatives Department of Livestock Development (DLD) has discretionary authority to increase these import fees up to five-fold. U.S. stakeholders remain concerned that these fees may exceed the cost of services rendered and function as *de facto* import charges on meat products, particularly for lower value items where the *ad valorem* equivalent is high.

Animal-Derived Products

The United States continues to urge Thailand to move from establishment-by-establishment approval toward a systems-based approach that recognizes the U.S. inspection system as equivalent, which would reduce redundant audits and lower compliance costs for exporters. Thailand's DLD requires audits of production facilities in the exporting country to allow the importation of several animal-derived products, including meat, bone meal, and feather meal. Each audit approval is valid for five years. In addition, DLD imposes five-year facility audit approvals for imported animal feed ingredients derived from or containing poultry products. The United States has recommended that Thailand adopt a systems approach, which would recognize the U.S. inspection system as equivalent to that of Thailand and reduce the expense and burden of the current Thai audit requirement. In January 2024, the U.S. Department of Agriculture (USDA) received a DLD questionnaire to move forward with systems approval for rendered products, which USDA completed in August 2024. In April 2025, DLD requested a comprehensive list of all U.S. rendering facilities to select a subset for audit. USDA's Animal and Plant Health Inspection Service provided the requested list in August 2025 but maintained that previous facility audits should suffice for currently approved facilities, and only a subset of the newly requested facilities should undergo a systems audit. As of December 31, 2025, DLD had not responded to this request.

Beef and Beef Products

Thailand restricts imports of beef offal treated with beta-agonists. DLD confirmed that fresh tongue, cheek meat, oxtail, tendon, hanging tender, inside skirt, and outside skirt are categorized as muscle cuts and are

thus not affected by this restriction. In September 2018, DLD conducted an audit of the U.S. production system and transmitted its draft findings to the United States in March 2019. In its report, DLD informed USDA that U.S. beef products for export to Thailand are not to be derived from cattle treated with beta-agonists, including ractopamine, as a condition for access to the Thai market, despite a determination by the Codex Alimentarius Commission (Codex) that the use of ractopamine is safe within its established maximum residue limits (MRLs). The United States continued to press Thailand to align its import requirements with science-based international standards.

Pork

In 2012, after the Codex adopted MRLs for ractopamine in cattle and pig tissues, Thailand indicated it would lift its ban on imports of pork from countries that allow ractopamine use, including the United States. However, Thailand has not established MRLs for ractopamine in pork, which effectively prevents the importation of U.S. pork products. In 2019, Thailand and the United States committed to review potential risk management options for Thailand to develop an MRL for ractopamine. However, due to lack of progress on the issue, effective December 30, 2020, the United States revoked approximately one-sixth of Thailand's duty-free trade preferences under the U.S. Generalized System of Preferences (GSP) program.

Poultry

Since 2014, Thailand has at various times, including in February 2022, imposed a ban on U.S. live poultry and poultry meat imports due to the sporadic presence of highly pathogenic avian influenza (HPAI) in the United States. The ban applies to all such U.S. products, notwithstanding World Organization for Animal Health guidelines that recommend importing countries regionalize their bans, rather than apply them on a country-wide basis. The United States requested regionalization in 2017 and in June 2025 submitted to DLD a completed questionnaire. DLD maintains that this submission is under review and has not given USDA a timeline for completion. In addition, Thailand has banned raw (*i.e.*, not heat treated) U.S. turkey meat imports since late 2014. Thailand sent officials to conduct a production-system audit of U.S. turkey in July 2019 and determined in November 2020 that the United States failed the systems approach audit. Since November 2020, DLD has allowed market access for U.S. cooked or heat-treated turkey meat from a limited number of approved establishments. Despite this partial access, HPAI-related measures and lack of systematic regionalization continued to create uncertainty for U.S. poultry exporters.

New Processed Meat Products

DLD's regulatory authority was extended in 2018 to include "processed foods made or derived from animal carcass," including sausage, salami, ham, bacon, smoked meat products, pickled meat products, cured meat products, honey and related products, and salty/processed eggs and egg yolks. Other than a single product approved in early 2022, DLD has not approved any new processed meat products. DLD claims that a new import protocol has been under development since 2018, and that market access requests could be submitted either through government-to-government channels, or by individual stakeholders. As of December 31, 2025, DLD had not yet published or notified import requirements and procedures that allow individual U.S. suppliers to access the establishment-by-establishment approval process, leaving market access requests in limbo and limiting opportunities for new U.S. processed meat exports.

INTELLECTUAL PROPERTY PROTECTION

Thailand remained on the Watch List in the [2025 Special 301 Report](#). Thailand continues to make progress on intellectual property (IP) protection and enforcement. In 2024, Thailand published new draft amendments to the Copyright Act and the Patent Act, which are intended to facilitate accession to the World

Intellectual Property Organization Performances and Phonograms Treaty and the Hague Agreement Concerning the International Registration of Industrial Designs. The Department of Intellectual Property and Economic Crime Suppression Division of the police are implementing an action plan to identify physical markets and other areas for high-priority enforcement actions against counterfeit and pirated goods.

While Thailand is making progress in these areas, concerns remain. Counterfeit and pirated goods are still readily available, particularly online. The [2025 Review of Notorious Markets for Counterfeiting and Piracy](#) (Notorious Markets List) included the MBK Mall as a physical market with a large number of counterfeit goods in Bangkok. Other U.S. concerns include online piracy by devices and applications that allow users to stream and download unauthorized content; a process established by the 2022 Copyright Act amendments that may lead to overly broad exceptions to technological protection measures; unauthorized collective management organizations; the continued use of unlicensed software in the private sector; the backlog in pending pharmaceutical patent applications; lengthy civil IP enforcement proceedings; and low civil damages.

Thailand is considering draft amendments to the Geographical Indication Protection Act. The United States remains concerned about the lack of sufficient transparency and fairness in the protection of geographical indications (GI) and the need to ensure that the grant of GI protection does not deprive interested parties of the ability to use common names.

The United States also continues to encourage Thailand to provide an effective system for protecting against the unfair commercial use, as well as unauthorized disclosure, of undisclosed test or other data generated to obtain marketing approval for pharmaceutical and agricultural chemical products. In addition, the United States continues to urge Thailand to engage in a meaningful and transparent manner with all relevant stakeholders before adopting new IP laws, regulations, or guidelines.

SERVICES BARRIERS

Audiovisual Services

The 2008 Motion Picture and Video Act authorizes Thailand's Film Board to establish ratios and quotas limiting the importation of foreign films. However, the Film Board had not exercised this authority as of December 31, 2025, and a draft Film Law released in 2025 would effectively remove the quota. In addition, under the Broadcasting Business Act and Telecommunications Services Act and related laws, a broadcasting licensee, including a services licensee, network licensee, and infrastructure licensee, must be a Thai national, and foreign investment in terrestrial broadcast networks is limited to 25 percent of registered capital and voting rights.

Financial Services

Thailand limits the number of licenses for foreign bank branches and subsidiaries and only sporadically accepts applications for new foreign banking operations. Thailand has not held a round of applications for new licenses for traditional banks since 2013, when Thailand granted new subsidiary licenses to two foreign banks.

Since 2013, Thailand has required in-country processing of all domestic retail electronic payment transactions for debit cards issued in Thailand. As a result, foreign electronic payment service suppliers are precluded from supplying these services across borders and must establish a local presence and build processing facilities in Thailand. When a card is accepted on more than one network, at least one of those

networks must be a domestic debit card network. Under the 2016 Thai Bank Chip Card Standard, the Bank of Thailand requires financial institutions that issue debit cards to issue cards with only local-standard chips for domestic transactions.

Foreign ownership in insurance companies is initially limited to less than 25 percent of outstanding voting shares. Foreign directors may hold no more than 25 percent of the initial board seats. The Thai Government allows a company to increase the foreign equity in the company up to 49 percent and up to half the seats on the board may be held by foreign directors with an approval from the Insurance Commission, if the company meets conditions relating to improving efficiency and competitiveness. In addition, the Ministry of Finance, with the recommendation of the Office of Insurance Commission, may permit a company to have foreign ownership exceeding 49 percent, or foreign directors comprising more than one-half of the board, or both, under certain circumstances, such as for the purpose of strengthening the overall stability of the insurance sector.

Cross-Border Data Transfer Restrictions

Thailand's Personal Data Protection Act (PDPA) came into force on June 1, 2022. The PDPA sets out requirements for transfers of personal data outside of Thailand, such as obtaining the consent of the data subject to the transfer or the transfer being necessary for the performance of a contract between the parties. These requirements increase regulatory compliance costs for U.S. companies but are not mandatory if transferring personal data to a country that has an "adequate data protection standard." As of December 31, 2025, Thailand had not recognized any country as "adequate." In the absence of clarity regarding adequacy determinations, U.S. companies have relied on using "appropriate safeguards" such as Standard Contractual Clauses and Binding Corporate Rules.

INVESTMENT BARRIERS

Thailand's primary and services sectors remain particularly restrictive to foreign investment. The Foreign Business Act (FBA) provides the framework governing foreign investment in Thailand. Under the FBA, non-Thai nationals and majority foreign-owned entities are prohibited from holding more than 49 percent ownership in many sectors, but U.S. investors registered under the United States–Thailand Treaty of Amity and Economic Relations (AER) are generally exempt from these prohibitions. Nevertheless, the privileges under the AER do not exempt U.S. investments from the prohibitions on majority foreign ownership in the following areas: telecommunications, transportation, fiduciary functions, banking involving depository functions, exploitation of land or other natural resources, and the practice of certain professions reserved for Thai nationals. The United States has encouraged Thailand to extend to these sectors the exemptions available to U.S. investors registered under the AER or to amend the FBA to remove barriers to foreign ownership in these sectors.

Apart from the FBA, sector-specific laws also impose restrictions on foreign ownership. For example, the Telecommunications Business Act prohibits majority foreign-owned entities from receiving the necessary Type II and Type III licenses to operate telecommunications networks available to the general public.

OTHER MARKET-DISTORTING PRACTICES

Thailand does not impose sufficient measures against market-distorting practices in order to insulate the U.S. and Thai markets from these distortions and ensure a fair and secure trading relationship. Thailand has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address these distortions. Thailand does not participate in the Global Forum on Steel Excess Capacity,

which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Thailand's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. The United States partially suspended Thailand's tariff benefits under the GSP program in April 2020 on the basis that Thailand had yet to take steps to provide internationally recognized worker rights in a number of areas, such as providing protections for freedom of association and collective bargaining. Since that decision, the Government of Thailand has not passed any new laws to address concerns around freedom of association. Thailand does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Thailand's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Thailand an unfair advantage.

ENVIRONMENT

Wildlife trafficking is a serious transnational crime that threatens security and economic prosperity. Thailand's strategic location positions it as a key source, transit, and destination point in the illegal wildlife trade for both flora and fauna. Thailand's exotic pet trade includes trafficked species originating from Asia, Africa, and Latin America. Although the government has taken steps to combat illegal wildlife trade, enforcement of relevant laws is inconsistent and under-resourced. Corruption also plays a role in facilitating this illicit activity. Illegal wildlife trade undercuts legitimate U.S. businesses, for example in the pet, fashion, and medical research sectors, that comply with strict regulations and sustainable practices and contaminates global supply chains which may be riddled with illegal product that can ultimately reach U.S. consumers.

TUNISIA

TRADE SUMMARY

The U.S. goods trade deficit with Tunisia was \$404.6 million in 2025, a 34.9 percent decrease (\$217.3 million) over 2024. U.S. goods exports to Tunisia totaled \$609.5 million in 2025, up 21.7 percent (\$108.6 million) from 2024. U.S. goods imports from Tunisia totaled \$1.0 billion in 2025, down 9.7 percent (\$108.7 million) from 2024. Total U.S. goods trade (exports plus imports) with Tunisia was an estimated \$1.6 billion in 2025. Tunisia was the 101st largest U.S. goods export market in 2025.

The U.S. services trade surplus with Tunisia was \$78 million in 2024 (latest data available), a 16.4 percent increase (\$11 million) over 2023. U.S. services exports to Tunisia totaled \$230 million in 2024 (latest data available) up 4.1 percent (\$9 million) from 2023. U.S. services imports from Tunisia totaled \$152 million in 2024 (latest data available) down 1.3 percent (\$2 million) from 2023. Total U.S. services trade with Tunisia was an estimated \$382 million in 2024 (latest data available). Tunisia was the 122nd largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Tunisia Trade and Investment Framework Agreement

The United States and Tunisia signed a Trade and Investment Framework Agreement (TIFA) on October 2, 2002. The TIFA is the primary mechanism for discussions of trade and investment issues between the United States and Tunisia.

IMPORT POLICIES

Tariffs

Tunisia's average Most-Favored-Nation (MFN) applied tariff rate was 19.4 percent in 2024 (latest data available). Tunisia's average MFN applied tariff rate was 30.3 percent for agricultural products and 17.6 percent for nonagricultural products in 2024 (latest data available). Tunisia has bound 58.0 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 57.9 percent.

Goods imported into Tunisia can be subject to tariff rates as high as 200 percent. Agricultural goods are subject to tariffs ranging from zero percent to 50 percent, with most agricultural imports within the 25 percent to 50 percent range. All imported goods subject to tariffs are assessed a customs administrative fee amounting to 3 percent of the total duties paid on the imported good.

The 2022 Budget Law instituted 20 percent to 50 percent tariff increases on consumer products that have locally-manufactured equivalents. The law also included higher tariffs on some goods with no local equivalent such as bananas (from zero percent to 50 percent), mobile phones (from zero percent to 20 percent), coffee (from 36 percent to 50 percent), and cosmetic products and perfumes (from 30 percent to 43 percent). Tariffs increased to 50 percent on imported apparel and bedding, shoes, and food products such as cheese, honey, chocolate, candies, juices, beer, and wine. Tariffs also increased to 43 percent on construction materials and products with local equivalents such as marble, gypsum, paint, wood, aluminum, ceramics, glassware, and tools.

The 2023 Budget Law eliminated tariffs on milk powder, butter, and electric vehicles.

The 2024 Budget Law reduced tariffs on almonds and pistachios from 50 percent to 36 percent and implemented a tariff exemption on forage products. The law also increased tariffs on selected dairy products from \$0.50/kg to \$1/kg, and on fruit and nut flours to 36 percent.

The 2026 Budget Law, passed on December 12, 2025, implemented a full duty exemption on lithium-ion batteries and components, plug-in hybrid electric vehicles (PHEVs), and aluminum plates and sheets. In the agriculture sector, the law authorized full duty exemptions on agricultural equipment, machinery, and supplies, such as tractors; harvesting machines; olive harvesting machines; sowing and planting machines; plowing and leveling machines; drip or sprinkler irrigation equipment; agricultural transport vehicles; cooling, storage, and drying equipment; machines for sorting and packaging of agricultural products; equipment for livestock, poultry, and beekeeping; and animal feed with milk or milk derivatives intended for feeding calves.

In the field of cinematography, the 2026 Budget Law created a full duty exemption on photographic cameras, parts, and accessories; projection lenses; television cameras; flashlights and flashbulbs; underwater cameras; monopods, bipods, and tripods; and microphones and stands.

In addition, the law also reduced tariffs on electric-vehicle power-charging stations and eyeglasses and frames from 30 percent to 10 percent.

Taxes

Value-Added Taxes

Tunisia applies a standard value-added tax (VAT) rate of 19 percent to most goods and services, including U.S. exports to Tunisia. Tunisia rebates VATs duties on exports, including exports to the United States. The VAT does not apply to imports of goods and services related to healthcare, education, and certain financial services.

Non-Tariff Barriers

Import Licensing

Approximately 3 percent of imported goods, including agricultural products, automobiles, and textiles, require an import license issued by the Tunisian Ministry of Trade and Export Development. Tunisia also imposes certain quotas, especially for imported consumer goods that compete with local products. Importers of these goods must request an allotment from the Tunisian Government to receive an import license. The licenses are typically valid for 12 months after issuance by the Ministry of Trade and Export Development.

Tunisia maintains a control system on imports of consumer goods, under which the importer must provide several documents to acquire an import license. The required documents include an invoice from the exporting factory, a certificate from an official authority in the exporter's country attesting to the factory's legal status, proof of product trademark, and documents affirming the product's safety and quality. The list of controlled products includes fragrances, cosmetics, underwear, shoes, household appliances, vegetables and fruits, spices, flour, chocolate, and non-alcoholic drinks. Imports of raw materials, semi-finished products, and equipment and spare parts for industries, services, and handicrafts are exempted.

Customs Barriers and Trade Facilitation

Customs processing remains burdensome and, for the most part, reliant on paper documents, despite some steps to digitize certain procedures. Inconsistent application of customs processes within the Tunisian Customs Administration can be a significant obstacle for importers. Although Tunisia expanded its simplified customs clearance process for authorized operators to 182 companies in 2024, risk management and other targets are primarily conducted manually by reviewing large volumes of entry documents in paper form.

Tunisia notified the latest update to its customs valuation legislation to the WTO in May 2011 but has not yet responded to the WTO Checklist of Issues describing how the Customs Valuation Agreement is being implemented.

INTELLECTUAL PROPERTY PROTECTION

Tunisia has made some progress with respect to intellectual property (IP) protection and enforcement. The country acceded to the World Intellectual Property Organization (WIPO) Copyright Treaty and the WIPO Performances and Phonograms Treaty in March 2023. However, the presence of and trade in counterfeit and pirated goods, including illicit Internet Protocol Television content, remain a concern. U.S. stakeholders have expressed concerns about the lack of an effective system for protecting against the unfair commercial use, as well as unauthorized disclosure of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products.

SERVICES BARRIERS

Other Digitally-Enabled Services and Digital Products

The Tunisian dinar is convertible for a limited number of current account transactions. This limits Tunisians' ability to purchase goods and services online or receive payments from foreign digital firms. Individual users of "Digital Technology Charge Cards" (the government-approved method for certain firms and entities to make purchases of foreign goods and services online) are limited to the equivalent of TND 1,000 (approximately \$320) per individual in annual purchases; TND 10,000 (approximately \$3,225) per company; and TND 100,000 (approximately \$32,260) per start-up. Because these relatively low thresholds are fixed in dinars, the actual value of the allotments is impacted by currency fluctuations.

INVESTMENT BARRIERS

Tunisia maintains substantial market access barriers to foreign investment particularly in the services sector, and foreign ownership is limited to no more than 49 percent in most services sectors. Foreign investors may not directly own agricultural land, although up to 100 percent foreign ownership of individual businesses in the agricultural sector is allowed.

Tunisia's 2016 Investment Law, implemented through Decree No. 417 (2018), establishes a negative list of sectors for which foreign investment requires government authorization, including natural resources; construction materials; transportation; banking, finance, and insurance; health; education; and telecommunications. Additionally, U.S. investors in Tunisia have frequently raised concerns about delays in obtaining authorizations, lack of transparency regarding rules and fees, unfair competition resulting from preferential treatment of Tunisian state-owned enterprises, and bureaucratic complications in the process of registering a business.

SUBSIDIES

Subsidies and Domestic Support

In 2025, Tunisia notified the WTO Committee on Agriculture that its domestic support totaled around \$20 million annually in calendar years 2020 through 2023. Tunisia further notified that it provided no export subsidies subject to reduction commitments, with the exception of those offered under Article 9.4 of the Agreement on Agriculture. Despite its notifications, Tunisia has not provided responses to questions raised by the United States and other Members regarding concerns it may be under-notifying its actual levels of agricultural domestic support and export subsidy outlays.

OTHER NON-MARKET POLICIES AND PRACTICES

Tunisia does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Tunisian markets from distortions and ensure a fair and secure trading relationship. Tunisia has not entered into an Agreement on Reciprocal Trade that includes commitments to address distortions caused by such NMPPs. Tunisia does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Tunisia's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. Tunisia does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Tunisia's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Tunisia an unfair advantage.

OTHER BARRIERS

Foreign Exchange

Tunisian law prohibits the export of foreign currency from Tunisia for import payments until the importer's bank receives documents confirming the shipment of merchandise from the country of origin. These requirements remain a source of confusion and difficulty for some U.S. companies.

Centralized Control of Imported Pharmaceuticals

The Tunisian Central Pharmacy maintains a monopoly on pharmaceutical imports. Some U.S. companies complain that they encounter reimbursement and payment delays of up to 14 months.

Export Restrictions

As of 2023, Tunisia applied an export tariff on certain metal waste and scrap to generate government revenue and safeguard domestic supply.

TÜRKİYE

TRADE SUMMARY

The U.S. goods trade balance with Türkiye shifted from a goods trade deficit of \$1.4 billion in 2024 to a goods trade surplus of \$4.0 billion in 2025. U.S. goods exports to Türkiye totaled \$20.4 billion in 2025, up 32.7 percent (\$5.0 billion) from 2024. U.S. goods imports from Türkiye totaled \$16.4 billion in 2025, down 2.0 percent (\$337.9 million) from 2024. Total U.S. goods trade (exports plus imports) with Türkiye was an estimated \$36.8 billion in 2025. Türkiye was the 22nd largest U.S. goods export market in 2025.

The U.S. services trade surplus with Türkiye was \$1.1 billion in 2025, a 16.5 percent increase (\$155 million) over 2024. U.S. services exports to Türkiye totaled \$6.7 billion in 2025, up 12.5 percent (\$741 million) from 2024. U.S. services imports from Türkiye totaled \$5.6 billion in 2025, up 11.7 percent (\$586 million) from 2024. Total U.S. services trade with Türkiye was an estimated \$12.3 billion in 2025. Türkiye was the 32nd largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Türkiye Trade and Investment Framework Agreement

The United States and Türkiye signed a Trade and Investment Framework Agreement (TIFA) on September 29, 1999. The TIFA is the primary mechanism for discussions of trade and investment issues between the United States and Türkiye.

IMPORT POLICIES

Tariffs

Türkiye's average Most-Favored-Nation (MFN) applied tariff rate was 17.3 percent in 2024 (latest data available), up from 9.4 percent in 2019. Türkiye's average MFN applied tariff rate was 40.9 percent for agricultural products and 13.6 percent for non-agricultural products in 2024. Türkiye has bound 50.5 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 28.9 percent in 2024. Türkiye has taken advantage of substantial differences between its applied and WTO bound tariff rates to increase tariffs significantly across multiple sectors.

In accordance with its customs union agreement with the European Union (EU), Türkiye exempts from tariffs non-agricultural products imported from the EU. Türkiye also exempts from tariffs non-agricultural products imported from the European Free Trade Association (EFTA), trading partners with which Türkiye has a free trade agreement, or countries with which the EU has a free trade agreement. The Government of Türkiye estimates that the average duty rate for all imports from the EU and EFTA countries dropped from approximately 10 percent to zero percent due to the customs union and free trade agreements.

Under the customs union agreement with the EU, Türkiye applies the EU common external tariff (CET) to non-agricultural products imported from third countries, including the United States. Although the Government of Türkiye's customs legislation is a direct translation of EU legislation, there may be differences in how the legislation is implemented in Türkiye. Further, Türkiye has reserved some exempted categories for sensitive products, with tariffs on these items from non-EU or EFTA trading partners generally much higher than the CET.

Türkiye has imposed additional tariffs on many other products since December 2020, despite its use of the EU CET. In December 2023, Türkiye imposed new tariffs of between 2 percent and 30 percent for more than 4,000 products, while eliminating previous additional tariffs on ships and floating vehicles, books/newspapers, ready-made goods, and articles made of cork. Türkiye does not apply these additional tariffs to imports originating in the EU, the EFTA countries, countries with which the EU maintains free trade agreements, or other countries with which it has preferential trade agreements.

On May 1, 2023, Türkiye increased tariffs on certain flat steel products to protect Turkish steel producers and encourage local production following Türkiye's 2023 earthquakes, which disrupted domestic steel production. The tariff on unalloyed hot-rolled sheet increased to 15 percent, and the tariff on alloyed hot-rolled sheet increased to 13 percent. The tariff on plate products increased from 9 percent, 10 percent, and 15 percent, respectively, to between 15 percent to 20 percent. The tariff on unalloyed cold-rolled sheet increased to 17 percent.

In June 2018, Türkiye imposed additional duties on multiple U.S. exports in retaliation for the March 2018 decision of the United States to impose tariffs on imports of Turkish steel and aluminum articles under Section 232 of the Trade Expansion Act of 1962, as amended. The retaliatory duties were levied on select goods of U.S. origin under 22 four- or six-digit Harmonized System headings or subheadings covering 479 products. In December 2023, a WTO panel found that Türkiye's retaliatory duties breached WTO rules and that the U.S. Section 232 measures were taken pursuant to the essential security exception under the General Agreement on Tariffs and Trade 1994. On January 26, 2024, Türkiye appealed the panel report. As of December 31, 2024, no division of the Appellate Body could be established to hear the appeal. On September 22, 2025, Türkiye announced that it had removed its retaliatory tariffs on U.S. exports.

Türkiye continues to maintain high tariff rates on many imported food and agricultural products, though the customs union with the EU and various free trade agreements provide duty-free access for some products from many of Türkiye's largest trading partners. Agricultural trade is subject to tariff-rate quotas (TRQs), and certain agricultural goods remain protected by steep tariffs. The average tariffs on fruit and vegetable imports are 40.3 percent, with a maximum WTO bound duty of 146 percent. Tariffs on imported chicken and chicken products are 65 percent and 121.5 percent, respectively. However, since late 2020, Türkiye has periodically lowered or eliminated high tariffs on certain agricultural bulk commodities, such as wheat, corn, barley, and sunflower seed oil in order to address major food inflation and commodity cost increases. In addition, Türkiye's investment incentive programs provide for duty and tax concessions on imports commonly used by exporters. A "suspension list" enables manufacturers to import certain raw materials and intermediary inputs at low or duty-exempt rates.

The government intervenes in the grain and oilseed markets to stabilize domestic supplies and prices. These interventions typically come as changes to tariffs or the introduction of TRQs. In general, the government aims to keep tariffs high for these products during the harvest season with the goal of protecting domestic farmers. Depending on the market situation, the government may decide to temporarily relax import duties after the harvest. For example, amid a shortfall in domestic corn production in marketing year 2024/2025, Türkiye announced several zero- or lower-duty TRQs for 3.5 million metric tons of imported corn. The out-of-quota MFN rate was 130 percent.

In November 2023, Türkiye increased tariffs for walnuts and almonds from all origins to 15 percent. The "Additional Financial Liability" (AFL), an additional tax paid by the importer, also increased for multiple products on November 1, 2023. The AFL for in-shell walnuts increased to \$416 per metric ton (MT); for shelled walnuts the AFL increased to \$1,099 per MT; for in-shell almonds the AFL increased to \$580 per MT; and the AFL for shelled almonds increased to \$942 per MT. Türkiye has insisted that the AFL is not a separate charge, but rather part of the MFN applied tariff rate. U.S. stakeholders remain concerned about

the complex and non-transparent structure of the AFL and the general level of duty imposed by Türkiye, reducing predictability and impeding trade.

Taxes

Türkiye maintains an excise duty known as a Special Consumption Tax (OTV) that is levied at one stage of the consumption process for luxury products, certain beverages, petroleum products, natural gas, automobiles and other vehicles, as outlined in four lists annexed to Law No. 4760. Together, the value-added tax (VAT) and the OTV provide over half of the government's revenue.

Türkiye charges a fixed Turkish Lira (TL)-based OTV on distilled spirits that is indexed to the inflation rate and automatically adjusted every six months. On December 25, 2024, Türkiye made an unscheduled increase of 12.5 percent to the OTV on distilled spirits, excluding domestically produced raki, a traditional distilled beverage. This irregular hike, outside the usual biannual adjustments, targeted imported spirits and gave an unfair advantage to the domestically produced raki. The OTV was increased in July 2025, but raki continues to face a lower duty than other distilled spirits. High OTV rates have led to increased consumption of illegal, counterfeit alcoholic beverages, posing health risks and causing several deaths recently.

Türkiye imposed new OTV rates on electric vehicles (EVs) on August 1, 2025. As with the OTV rates for internal combustion engine vehicles, the tax rate is determined through a combination of the vehicle's engine size and sale price. EVs with engine power below 160 kilowatts (kW) face a 25 percent (increased from 10 percent) OTV rate if their sale price is less than TRY 1.65 million (approximately \$41,667), and 60 percent if their sale price exceeds TRY 1.65 million. EVs with engine power above 160 kW face a 65 percent OTV rate if their sale price is below TRY 1.65 million (approximately \$41,667), and a 75 percent OTV rate if their sales price exceeds TRY 1.65 million (approximately \$41,667). Türkiye's domestically produced TOGG is one of the few EVs that would qualify for the lowest tax threshold. Published on July 24, 2025, an upward readjustment was also introduced for plug-in hybrid cars. The changes in OTV for plug-in hybrids affected vehicles as passenger vehicles classified in Harmonized System heading 87.03. Rates were set as follows: for vehicles with an engine volume less than 1600 cm³ and OTV base less than TRY 1.35 million (approximately \$34,091), the OTV rate increased from 30 percent to 45 percent; for an engine volume less than 1600 cm³ and OTV base more than TRY 1.35 million, the OTV rate increased to 75 percent; for an engine volume 1600 to 1800 cm³ and an OTV base less than TRY 1.35 million, the OTV rate increased from 70 percent to 85 percent.

Value-Added Taxes

Türkiye imposes a VAT on most imported and domestic goods and services. The importer is responsible for paying the VAT. Türkiye calculates its VAT on a cost insurance freight basis plus duties and any other applicable charges levied before the goods clear customs. Türkiye applies a standard VAT rate of 20 percent to most goods and services, including U.S. exports to Türkiye. Türkiye rebates the VAT on exports, including exports to the United States.

The VAT for most agricultural products ranges from 1 percent (raw cotton, dried hazelnuts, etc.) to 10 percent (certain staple products) but may be as high as 20 percent for certain processed products. Capital goods, some raw materials, imports by government agencies and state-owned enterprises, and products for investments with incentive certificates are exempt from import fees. In cases where local supplies of a good are exempt from VAT, imports are also exempt. Goods held in transit, customs warehouses, or free zones are exempt from VAT as long as they do not enter the Turkish market. Türkiye offers certain investment incentive certificates that allow machinery and other equipment to be purchased VAT-free by certificate holders.

Electronic Commerce Tax Regulations

Türkiye imposes additional taxes on certain online sales of imported goods. The “Decision on Amending Certain Provisions of the Customs Law No. 4458,” effective August 21, 2024, significantly increased taxes on online purchases of many items from abroad in an effort to protect local industries, reduce imports, and improve the current account deficit. This Decision reduced the tax-free threshold for imported electronic commerce purchases from €150 (approximately \$167) to €30 (approximately \$33) and increased taxes to 30 percent for EU imports and 60 percent for non-EU imports, with an additional 20 percent on luxury and durable goods, such as fur, jewelry, mobile phones, and household appliances.

Investors and electronic commerce businesses have raised concerns about the lack of prior consultation, a short transition period, and the logistical cost of compliance of these increases in electronic commerce tax rates.

Non-Tariff Barriers

Imports are subject to certain border measures in Türkiye, including outright prohibitions, licensing, controls, and restrictions. Stakeholders have noted that these measures are exacerbated by a lack of prior notice of changes to customs regulations or an opportunity to comment on proposed amendments.

Import Bans/Restrictions

Since 2015, Türkiye has banned the importation of nearly all refurbished parts, which affects products in several sectors, including computer equipment and medical devices. Türkiye also requires that construction equipment, tractors, and agricultural equipment be imported during the year in which individual units are manufactured, effectively limiting the volume of U.S. exports of such equipment to Türkiye, given the long lead times associated with these types of orders.

Türkiye stopped all exports to and imports from Israel as of May 2, 2024, citing “worsening humanitarian tragedy” in the Palestinian territories. According to the Reuters news agency, as of August 2025, Turkish port authorities started requiring shipping agents to make an electronic declaration that the ship’s owner/agent/operator were not affiliated with Israel and not carrying military or dangerous cargo destined for Israel. In November 2025, the Government of Türkiye revised the declaration to align with U.S. legal considerations. The United States has cautioned U.S. persons to be alert to the receipt of any requests to refrain from trade to or from Israel or to provide certification that the goods are not of Israeli origin or do not contain Israeli-origin components or materials.

On June 6, 2024, owing to oversupplies of wheat stocks inside the country, Türkiye announced a ban on wheat imports under the Inward Processing Regime. It also liberalized exports of milling wheat, durum wheat, and barley. However, in October 2024, the Turkish Government partially lifted the ban on wheat imports, allowing industry to source up to 15 percent of their wheat externally, with the remaining 85 percent required to be sourced from the Turkish Grain Board.

Import Licensing

Türkiye requires import licenses for some agricultural products and for various products that need after-sales service, such as photocopiers, advanced data processing equipment, and diesel generators. U.S. firms complain that a lack of transparency in Türkiye’s import licensing system results in costly delays and demurrage charges.

Customs Barriers and Trade Facilitation

Companies indicate that Turkish documentation requirements for many imports are onerous, inconsistent, and non-transparent, often resulting in delayed shipments at Turkish ports. U.S. exporters of certain industrial goods and food products, such as rice, dried beans, pulses, sunflower seeds, wheat, and walnuts, have reported concerns regarding decisions by Turkish customs authorities on the valuation of selected products. Further, the Ministry of Trade periodically requires tracking and monitoring of certain imports, which includes an onerous registration process that must be completed annually, with limited guidance for exporters throughout the registration process. The Ministry of Trade's mandatory foreign exporter registration process covers 31 agricultural commodities including almonds, walnuts, peanuts, peanut butter, tea, garlic, bananas, fresh peppers, flaxseed, rapeseed, and sunflower seed products.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Good Manufacturing Practices Certification and Electronic Certificate for Pharmaceutical Products

Türkiye's amended Regulation on the Pricing of Medicinal Products for Human Use, which took effect in March 2010, requires foreign pharmaceutical producers to secure a Good Manufacturing Practices (GMP) certificate based on a manufacturing plant inspection by Turkish Ministry of Health (MOH) officials before their products will be authorized for sale in Türkiye. The amended measure requires that Turkish authorities themselves perform the inspections, rather than the previous practice of allowing inspections by authorities from the exporting country, such as the U.S. Food and Drug Administration of the U.S. Department of Health and Human Services (FDA), and has led to severe delays in obtaining GMP certifications for many pharmaceutical products. An MOH inspection backlog has prolonged the already lengthy processes for granting final approvals for pharmaceutical products to be sold on the Turkish market. Additionally, Türkiye requires consularization for electronic certificates for pharmaceutical products that have already digitally signed and are verified by the FDA, adding duplications to the already burdensome approval process.

Since 2016, following repeated U.S. requests to Türkiye that it accelerate approvals, the MOH has authorized parallel (rather than sequential) submissions of GMP inspection and marketing approval applications for MOH-designated "Priority One" (*i.e.*, highly innovative and/or lifesaving) pharmaceutical products imported from U.S. and EU firms. Despite that positive step, as of December 31, 2025, the MOH had not uniformly applied this approach to all pharmaceutical product applications. As a result, U.S. stakeholders continue to report that GMP inspection-related delays have effectively closed the Turkish market to certain new drugs.

Recycled Packaging

In August 2025, Türkiye notified to the WTO a draft regulation on the use of recycled plastics in materials and articles intended to come into contact with food. The regulation outlines the requirements and procedures for production of recycled plastics to be used in food-contact materials and packaging. This regulation closely resembles EU Commission Regulation 2022/1616 that establishes requirements for plastic recycling facilities that manufacture food contact materials to be placed on an EU Registration List. These regulations require foreign competent authorities to audit and verify facilities' compliance with EU

regulations. The proposed date of entry into force is April 15, 2026. The United States has asked Türkiye to clarify the scope and application of the regulations and requested an appropriate transition period.

Certification for Commercial Importation of Motor Vehicles

Türkiye maintains regulatory requirements that restrict the commercial importation of motor vehicles not certified under the EU's Whole Vehicle Type Approval (WVTA). Türkiye classifies vehicles lacking this approval as individually approved vehicles and only permits up to 75 units per model per year. Once imports exceed this threshold, EU or Turkish type approval is mandatory for continued market entry. Under this classification, each vehicle must undergo a separate technical conformity assessment performed by the Turkish Standards Institution (TSE). Stakeholders report that TSE inspections are costly and time consuming and further restrict U.S. vehicle manufacturers' access to the Turkish market

Chemicals Registration Regulations

Türkiye issued a chemicals registration regulation in 2017 that requires manufacturers and importers of one ton or more per year to register substances and comply with evaluation, authorization, and restriction provisions. In December 2023, Türkiye postponed registration deadlines due to low completion rates and the need to formalize the submission processes. In August 2025, the Ministry published new "Principles and Procedures" establishing interim milestones, including mandatory pre-registration by October 31, 2025, lead registrant selection by December 31, 2025, and provisional dossier submissions in 2026. U.S. stakeholders report that the processes for submitting the provisional dossiers are unduly burdensome. Firms also note uncertainty around joint-submission and data-sharing governance, data-cost allocation, testing and dossier expectations. These factors increase compliance costs and may create delays for U.S. chemical and manufactured goods exports to Türkiye.

Sanitary and Phytosanitary Barriers

Facility Registration Requirements

In early 2025, Turkish officials announced plans for a new facility registration requirement under which imports of certain animal products and by-products would have to come from registered facilities, referred to as TROIS, starting January 1, 2026. On December 2, 2025, Türkiye notified the new requirement to the WTO Committee on Sanitary and Phytosanitary Measures (SPS Committee), which clarified that the scope of the measure applies to fishery products, dairy products, collagen, and gelatin. As Turkish officials have not been open to negotiating language relating to regulatory attestation for U.S. facilities, U.S. exports of these products to Türkiye are likely to end in January 2026.

Food Safety Standards

The Ministry of Agriculture and Forestry closely follows a pesticide reduction schedule similar to the EU and Türkiye's national food safety laws do not always appear to be based on science-based decision-making. As a result, reduced or eliminated pesticide residue limits have limited certain U.S. agricultural exports to Türkiye.

The importation of live animals, certain animal-sourced products, and certain plant materials requires a Control Certificate that grants permission for import of the product, obtained from the Ministry only after the importer applies and provides documents related to the product. The issuance of this certificate is not automatic and has presented challenges for U.S. exports of live cattle, meat products, hides, and animal genetics upon arrival at Turkish ports. The United States has had several meetings with Türkiye to attempt and resolve the issues.

Plant Health

Türkiye rejects imports of U.S. unmilled rice (rough or paddy) if white tip nematodes are detected. Türkiye considers the white tip nematode to be a quarantine pest, even though it is widespread in Türkiye. Due to the risk of nematode detection upon arrival and Türkiye's rejection of any available post-entry mitigation, U.S. exporters have stopped shipping unmilled rice to Türkiye.

Animal Health

Although it implements regionalization within its own territory, Türkiye does not provide for regionalization at the county level with the United States. Türkiye prohibits all imports of poultry meat and processed poultry from the United States. Additionally, the transit of poultry from HPAI-affected U.S. states is banned unless the product is heat treated. As Türkiye had been an important transit point for U.S. poultry shipped to the broader Middle East region, this policy has inhibited U.S. exports of animals and animal products. The United States continues to raise this issue extensively with Türkiye. However, Türkiye refuses to alter their interpretation of regionalization. In late 2025, Türkiye announced that it would begin requiring an HPAI-free attestation in the health certificate for U.S. cattle embryo exports.

Türkiye requires certificates for dairy product imports to be signed by a federally accredited veterinarian. In 2018, U.S. and Turkish officials agreed that Türkiye would accept certificates for a limited number of dairy products signed by inspectors from the U.S. Department of Agriculture (USDA) Agricultural Marketing Service. However, U.S. exports of other dairy products not covered by these certificates are not allowed by Türkiye, despite commercial demand.

In April 2024, the Government of Türkiye imposed a ban on the importation of live cattle from the United States following confirmation of the H5N1 virus in some U.S. cattle herds. The USDA has been forthcoming and open about the spread of the virus, epidemiology, and successful mitigation measures the United States has put in place. Nevertheless, Türkiye maintains its ban, seemingly without a scientific basis or risk-based rationale. The U.S. Government has offered several options to ensure exports to Türkiye are free from the health-related challenges. However, without any written scientific justification for their position, the Ministry's ban remains in place, which is contrary to the recommendations of the World Organization for Animal Health (WOAH).

Agricultural Biotechnology

Although Türkiye notified the 2010 Biosafety Law to the WTO SPS Committee prior to its enactment, the Turkish Government has failed to notify any subsequent revisions to the law, its implementing regulations, or its various regulatory controls. U.S. agricultural biotechnology stakeholders have expressed reluctance to seek regulatory approvals in Türkiye for individual events due to onerous liability requirements imposed by the Biosafety Law, unclear assessment procedures required to receive approval, and concerns regarding the protection of applicants' confidential information.

The agricultural biotechnology oversight authority within the Turkish Government rests with the Ministry of Agriculture and Forestry, which reviews and authorizes new genetically engineered (GE) events for plants, animals, and microorganisms through both a Scientific Risk Assessment Committee and a Socio-Economic Assessment Committee under the Ministry's Agricultural Research and Policies Directorate General. The Ministry has set an arbitrary cap of 36 approved GE corn and soybean events for import, which are only allowed for use in animal feed. No GE events have been approved for food use, so any GE presence found in food is prohibited.

As of December 31, 2025, only 36 GE events can be imported into Türkiye for animal feed use (15 soybean events and 21 corn events). Thirteen additional applications are outstanding, five of which have been pending since 2015, despite the law's official 270-day review timeline. Several Turkish agricultural associations that previously submitted applications for the approval of these products have declined to sponsor their renewals, citing the challenging and non-science-based review system.

Türkiye's delays in completing science-based reviews are especially burdensome considering its impractical low-level presence policy. The current zero-tolerance threshold is difficult to meet for food and feed imports. In general, if a shipment tests positive for any amount of an unapproved event, the cargo is rejected and cannot be used for feed or food. However, there are two exceptions to this prohibition: (1) unapproved events pending biotechnology approval in Türkiye for feed use are allowed to be present in shipments up to a 0.1 percent threshold; and (2) shipments containing up to 0.9 percent presence of approved (but not declared) events intended for feed use. Discriminatory testing requirements for U.S. food and feed imports can lead to entire shipments being rejected when trace amounts of unapproved GE soybean or corn are found.

Traceability of Food and Feed Products

Türkiye's 2010 Biosafety Law mandates traceability procedures for movement of animal feed products produced using agricultural biotechnology, including a requirement that each supply-chain entity maintains traceability records for 20 years. Those that have not kept such records have been prosecuted by Turkish authorities for both criminal and civil violations.

GOVERNMENT PROCUREMENT

Turkish Government contracting officials are authorized to issue tender documents that restrict foreign companies' participation and that provide price advantages of up to 15 percent (particularly for high technology products) to domestic suppliers. Although the Turkish procurement law requires government contracting agencies to consider best value pricing, the lowest-cost bids are selected in most tenders. In a scenario involving the procurement of highly technical goods or services, this may prevent consideration of bids from firms with the highest capacity and best abilities, including U.S. firms, (*i.e.*, those that provide a greater number of services, lower life cycle costs, and higher quality products).

Other features of the Turkish procurement system severely limit the ability of U.S. companies to participate in government tenders. Turkish procurement law mandates the use of model contracts, which make it difficult for U.S. companies to formulate proposals that are fully responsive to procuring agencies' requirements. In addition, foreign companies, including those with Turkish subsidiaries, have reported difficulties complying with onerous documentation requirements imposed by contracting agencies. Türkiye frequently issues regulations that exempt urgent projects and procurements from requirements of the Turkish Public Tender Law, allowing procuring entities to conduct tenders or negotiations on an invitational basis. While these exempted tenders technically are open to foreign and domestic firms, in practice few of them have been awarded to foreign firms unless they were offering goods or services that were urgently needed and not available in Türkiye.

In the power generation sector, the Ministry of Energy and Natural Resources provides incentives to investors if they source most of their equipment from manufacturers located in Türkiye. The Ministry also conducts license tenders for procurements of power generation, including solar and wind power, on the condition that some of the equipment and parts are newly produced in specialized manufacturing zones in Türkiye.

Türkiye's Industrial Cooperation Program gives ministries the authority to impose commercial offset requirements in procurement contracts. A foreign company awarded a government procurement contract may be required to manufacture a share of the products or services with a local partner, and transfer technology in order to win a government contract. The Turkish Government has imposed offsets in the defense, transportation, telecommunications, pharmaceuticals, aerospace, and energy sectors, among others. Turkish defense procurement policy mandates the inclusion of various commercial offset requirements in contracts that encourage domestic sourcing commitments by suppliers, including by requiring foreign suppliers to partner with local companies and transfer technology.

Since July 2019, the Turkish Government has prohibited public institutions and organizations from using cloud-computing services.

U.S. industry has raised concerns that Türkiye's exclusive use of EU technical standards limits competition and raises procurement costs, creating an unnecessary barrier to trade. Türkiye's state railway operator issued a tender in 2025 for 35 diesel-electric mainline locomotives (Tender No. 2025/1446758). The tender specifications require compliance with the EU's Technical Specifications for Interoperability (TSI) standards. While these standards are appropriate for locomotives that operate across EU borders, they are not legally or operationally required for locomotives operating solely within Türkiye. The application of TSI standards in this tender effectively precluded U.S. manufacturers, whose locomotives are designed and certified under U.S. Association of American Railroads (AAR) standards, from participation. AAR standards are widely used internationally and meet equivalent safety and performance objectives. As a result of the restricted specification, only two bids, from non-U.S. suppliers, were reportedly received, both at substantially higher prices than comparable U.S. offerings would have been. The United States continues to encourage Türkiye to recognize internationally accepted standards, such as AAR specifications, where appropriate, to promote open competition and ensure best value in public tenders.

Türkiye is not a Party to the WTO Agreement on Government Procurement (GPA), but it has been an observer to the WTO Committee on Government Procurement since June 1996.

INTELLECTUAL PROPERTY PROTECTION

Türkiye remained on the Watch List in the [2025 Special 301 Report](#) due to deficiencies in its intellectual property (IP) regime that represent barriers to U.S. exports and investment.

U.S. industry stakeholders report significant problems involving the export from and transshipment through Türkiye of counterfeit goods, as well as software piracy, piracy of printed works and online piracy, and that poor coordination between judges, prosecutors and police limits the effectiveness of enforcement. IP enforcement additionally suffers from a lack of prioritization among government bodies to combat IP crimes.

Türkiye's 2016 Industrial Property Law consolidated in a single law the provisions for protecting trademarks, designs, utility models, patents and geographical indications, and improved the legal framework for technology commercialization and transfer. The United States encourages Türkiye to fully implement its obligations under the World Intellectual Property Organization (WIPO) Performances and Phonograms Treaty (WPPT) and WIPO Copyright Treaty (WCT), collectively known as the WIPO Internet Treaties, and develop effective mechanisms to address online piracy.

U.S. pharmaceutical companies continue to raise concerns that Türkiye does not adequately protect against the unfair commercial use as well as unauthorized disclosure of test or other data submitted to obtain marketing approval for pharmaceutical products. They have also reported concerns about the timing of

resolving pharmaceutical patent disputes. In Türkiye, the Ministry of Health regulates the prices of medical drugs, devices, and hospital-provided healthcare services. This includes a pricing mechanism for medications introduced by U.S. pharmaceutical companies. Under this pricing schedule, payments for imported drugs are made in Euros, but the exchange rate set by the regulation is significantly lower than the market rate. For example, the fixed Euro-to-Turkish Lira exchange rate for 2025 is set at 21.6721, far below the market rate of TRY 49.3 as of December 31, 2025.

SERVICES BARRIERS

Audiovisual Services

Türkiye's 2019 Regulation on the Transmission of Radio, Television, and On-Demand Services on the Internet requires Internet streaming services providers to establish a commercial presence in Türkiye to obtain a broadcasting license. The law also imposes substantial requirements for providers of streaming services to censor content and provide the government with data about their subscribers on request.

Financial Services

Türkiye's Law on Payments and Security Settlement Systems, Payment Services, and Electronic Money Institutions (E-Payment Law) requires information systems used by financial firms for keeping documents and records to be physically located within Türkiye. Many U.S. firms, which utilize a globally distributed network architecture, view these requirements as unworkable. The implementation of the E-Payment Law has led one prominent U.S. firm to suspend its operations in Türkiye. Türkiye has also considered regulations concerning cross-border payments, which would impact the volume and value of payments processed through U.S. payment networks .

The Central Bank of Türkiye is both the owner and regulator of Türkiye's domestic payments network. U.S. stakeholders have expressed concerns that Türkiye has introduced measures favoring its domestic card brand, Troy, and disadvantaging U.S. electronic payment services suppliers.

Professional Services

Turkish citizenship is required to practice as an accountant, a certified public accountant, or a lawyer representing clients in Turkish courts.

Other Digitally-Enabled Services and Digital Products

Internet Services

The 2022 Law Amending Press Law and Certain Laws criminalizes publishing what the Turkish Government considers disinformation on social media and raises potential privacy concerns and risks for third-party social media companies. The law covers information and communication technology firms, with fines that could reach up to 3 percent of global revenue and throttling of bandwidth by up to 95 percent. As of late 2025, implementing regulations were still being drafted.

The Law on the Regulation of Broadcasts via the Internet and Prevention of Crimes Committed through Such Broadcasts (Law No. 5651) gives the Ministry of Transport and Infrastructure's Information and Communication Technologies Authority (BTK) the responsibility of enforcing bans on Internet content deemed offensive by the Turkish courts. BTK has used its authority to block access to various Internet-based service suppliers, including U.S. suppliers. Most noticeably, Türkiye restricted access to a social

media service provider in the days following the February 2023 earthquakes and pursued expanded limitations on the use and operation of social media services. As of July 2020, Law No. 5651 also requires social media platforms with more than one million daily visits from users in Türkiye to appoint a representative physically located within Türkiye and to rapidly respond to content removal requests. Social media platforms are also required to store user data in Türkiye. BTK issued a new decision in April 2023 updating these requirements, including affirming the requirements for local presence and the storage of user data in Türkiye. Penalties for noncompliance include escalating fines, blocking of advertisements, and restricting bandwidth.

In March 2025, BTK proposed regulations, amending the Electronic Communications Law (Law No. 5809), that would subject over-the-top (OTT) communication providers to the same legal regime as telecommunications firms. The draft rules mandate that OTTs with over one million monthly users must incorporate locally as a Turkish company, obtain authorization, and contribute to a universal service fund. The draft rules enable the government to impose penalties, including fines, service throttling, or blocking.

Data Localization

The Law on the Protection of Personal Data (Law No. 6698) restricts the transfer of personal data outside of Türkiye, except to a specific country that the Personal Data Protection Authority (KVKK) has determined provides adequate data protection under Turkish law (the KVKK has not published a list of such countries) or when other specific requirements are met, such as explicit consent from the data subject or specific approval from the KVKK. Restrictions on the flow of data have a significant effect on the conditions for the cross-border supply of numerous services and for enabling the functionality embedded in smart devices.

Circular 2019/12, published in July 2019, requires public institutions and organizations to store certain critical information and data, such as health records and biometric data, domestically. In 2020, the Digital Transformation Office published guidelines explaining that the localization requirements apply to critical information and data. Data localization requirements are also applied to financial services, where the Banking Regulation and Supervision Agency requires primary and secondary information systems to be hosted in Türkiye. The Central Bank of Türkiye implements similar restrictions for the outsourcing of cloud services and prohibits the use of cloud services for certain workloads. The Capital Markets Board published regulations requiring data localization for the cryptocurrency sector. The Ministry of Industry and Technology's research and development body (TUBITAK) introduced data localization requirements for cloud usage.

Regulation of Digital Platforms

In October 2022, the Turkish Competition Authority released a draft amendment to Law No. 4054 on the Protection of Competition to impose a wide range of obligations and prohibitions on service providers and intermediary service providers. The rules stipulate that “Undertakings Holding Significant Market Power,” as defined by their annual gross revenue, number of Turkish users, and qualitative criteria, are required to enable interoperability of core services, prohibit self-preferencing their own products and services, and may be prohibited from utilizing data across services. The “Undertakings Holding Significant Market Power” designated by Law No. 4054 may disproportionately capture U.S. firms compared to their competitors. Türkiye intended to finalize this law by the end of 2025, but it has not been enacted.

The Regulation of E-Commerce Law took effect January 1, 2024, prohibiting electronic commerce intermediary service providers from selling their own trademarked goods on their platform. It imposes additional obligations on larger providers, with those with an annual net transaction volume greater than TRY 10 billion (approximately \$253 million) prohibited from using data collected to compete with other

providers, and those with an annual net transaction volume greater than TRY 60 billion (approximately \$1.5 billion) prohibited from expanding into industries, such as payments, transportation, and delivery.

Law No. 4054 and the requirements in the Regulation of E-Commerce Law may undermine U.S. competitiveness in the Turkish market by increasing compliance costs on certain U.S. firms while not placing a similar burden on Turkish competitors.

Digital Services Taxation

Since March 1, 2020, Türkiye has imposed a digital services tax (DST) of 7.5 percent on revenue generated from a broad range of digital services offered in Türkiye, including digital advertising, digital content sales, and digital platform services. In December 2025, Türkiye announced the rate would decrease to 5 percent on January 1, 2026, and then decrease to 2.5 percent in 2027. The DST applies to companies that, during the previous calendar year, generated revenues from covered digital services of at least TRY 20 million (approximately \$505,051) in Türkiye and at least €750 million (approximately \$833 million) globally. Türkiye's President has the unilateral authority to adjust the tax rate (between 1 percent and up to 15 percent) and the revenue thresholds.

In June 2020, the Office of the U.S. Trade Representative (USTR) initiated a Section 301 investigation into Türkiye's DST over concerns that the tax, which disproportionately impacts U.S.-based digital companies, is potentially unreasonable or discriminatory and burdens or restricts U.S. commerce. The United States and Türkiye held bilateral consultations on this investigation in September 2020. On January 6, 2021, USTR released a Section 301 report (and accompanying *Federal Register* Notice) that found that Türkiye's DST discriminates against U.S. suppliers of digital services, burdens or restricts U.S. commerce, and is unreasonable (due to it being inconsistent with international tax principles).

The United States and Türkiye are among the 137 jurisdictions to have joined the October 8, 2021, OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting [Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalization of the Economy](#), which called for all Parties to commit not to introduce DSTs in the future. In November 2021, under the prior Administration, the United States joined Türkiye in a [joint statement](#) on a transitional approach to Türkiye's DST during the interim period prior to implementation of Pillar 1 of the Two-Pillar Solution. According to the statement, DST liability that accrued to Türkiye during the transitional period prior to implementation of Pillar 1 would be creditable in defined circumstances against future corporate income tax liability due under Pillar 1. In return, the Section 301 trade action initiated in 2020 was not continued. The arrangement set out in the November joint statement was extended to June 30, 2024, but has since expired.

On January 20, 2025, the United States issued a White House Memorandum titled, "The Organization for Economic Cooperation 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 representatives of the U.S. Department of Treasury 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.

A February 21, 2025, Presidential Memorandum titled “[Defending American Companies and Innovators From Overseas Extortion and Unfair Fines and Penalties](#)” instructed the U.S. Trade Representative to determine whether to renew investigations of DSTs, including the Türkiye DST, under Section 301 of the Trade Act of 1974.

INVESTMENT BARRIERS

While Türkiye is generally open to foreign investment, Turkish law limits total foreign ownership of broadcasting companies to no greater than 50 percent, and a foreign investor may not own equity in more than two broadcasting companies. Foreign ownership of real estate is limited to 10 percent of the surface area of a district that is open to private ownership, and a foreign investor may not own more than 30 hectares (or 60 hectares with Presidential authorization).

Delayed or Rejected Mining Licenses

U.S. investors have experienced undue delays in renewing or obtaining new mining licenses.

Increase in Taxation Issues

U.S. investors in a variety of industries reported upticks in taxation issues, including retroactive application of the VAT, global minimum tax implementation that negates investment incentives, and expansive interpretations of income tax jurisdiction.

International Chamber of Commerce Arbitration Awards

U.S. stakeholders have been unsuccessful in having Turkish courts enforce International Chamber of Commerce arbitration awards.

SUBSIDIES

Agricultural Subsidies and Domestic Support

Although Türkiye has large agricultural support programs in place, including price supports and input subsidies, Türkiye is significantly overdue on submitting its required WTO notifications regarding agricultural domestic support. Türkiye’s most recent domestic support notifications were submitted in 2020, covering the years 2014 to 2016, and raised concerns that Türkiye had exceeded its WTO commitments regarding trade-distorting domestic support in those years. Türkiye’s most recent export subsidy notifications were submitted in 2025, covering the calendar years 2014 to 2022. Türkiye has yet to notify changes in export subsidy measures pursuant to the 2015 Nairobi Ministerial Decision on Export Competition (Nairobi Decision). The United States and several other WTO Members regularly raise concerns at the WTO about the accuracy, completeness, and timeliness of Türkiye’s domestic support notifications, as well as the amount of Türkiye’s domestic support. U.S. exporters have expressed concerns about Türkiye’s subsidies and inward processing program for wheat.

Export and Industrial Subsidies

U.S. stakeholders have expressed concern with the significant provision of industrial subsidies to support exportation that is affecting U.S. industry. Exporters report that the Development Investment Bank of Türkiye provides strategic and preferential loans to significantly expand production and capacity in sectors of global overcapacity.

OTHER NON-MARKET POLICIES AND PRACTICES

Türkiye does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Turkish markets from distortions and ensure a fair and secure trading relationship. Türkiye has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address distortions caused by such NMPPs. Türkiye participates in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Türkiye's law regarding the protection of internationally recognized labor rights, including with respect to freedom of association and the effective recognition of the right to collective bargaining and a safe and healthy work environment. The United States also has concerns with respect to labor law enforcement. Türkiye does not ban the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Türkiye's market. Together, these issues may artificially suppress labor costs, giving certain goods and services from Türkiye an unfair advantage.

OTHER BARRIERS

Export Restrictions and Prohibitions

Türkiye uses export bans to manage supply and demand conditions in the country. These bans are unexpectedly announced, creating problems for Turkish exporters and American importers. On March 24, 2020, Turkish officials announced a new surveillance program for imports of certain agricultural and food commodities. This requirement will apply to foreign exporters of commodities, including tree nuts (almonds, walnuts, and cashews), peanuts, sunflower seeds, sunflower seed oil and other related products, tea, certain types of peppers, bananas, garlic, and several other products. The stated purpose of this regulation is to obtain more accurate reference prices for certain commodities and to combat illegal trade in these goods.

Türkiye bans exports of sunflower seed oil. Türkiye never notified this export ban to the WTO, despite requests from the United States and other WTO Members to do so.

Türkiye imposed a ban on olive oil exports, initially for three months starting on August 1, 2023, and extended the decision indefinitely on October 18, 2023. On June 1, 2024, Türkiye's Ministry of Commerce relaxed the ban on the export of bulk and barreled olive oil, allowing up to 50,000 tons of bulk and barreled olive oil to be exported until November 1, 2024.

Restrictions on Reimbursement and Official Exchange Rate for Government Purchases

Since 2017, the Turkish Government has instituted a reimbursement regime for pharmaceutical products that substantially decreased reimbursements. U.S. pharmaceutical companies have raised concerns that they are unable to market next-generation drugs in Türkiye due to the government's maintenance of an artificially low official exchange rate for reimbursement for pharmaceutical products.

The Turkish Government maintains two lists totaling approximately 200 pharmaceuticals for which the government denies reimbursement unless the products are manufactured in Türkiye. Since government

reimbursement covers most pharmaceutical products sold in Türkiye, U.S. firms have raised concerns that denying reimbursement has undermined their ability to market products imported into Türkiye. The Turkish Government has previewed plans to “delist” three tranches of products, but it has not specified a timeline nor taken any action to implement these further measures.

UKRAINE

TRADE SUMMARY

The U.S. goods trade surplus with Ukraine was \$936.0 million in 2025, an 81.5 percent increase (\$420.3 million) over 2024. U.S. goods exports to Ukraine totaled \$2.4 billion in 2025, up 40.3 percent (\$683.5 million) from 2024. U.S. goods imports from Ukraine totaled \$1.4 billion in 2025, up 22.3 percent (\$263.3 million) from 2024. Total U.S. goods trade (exports plus imports) with Ukraine was an estimated \$3.8 billion in 2025. Ukraine was the 66th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Ukraine was \$11.1 billion in 2024 (latest data available), a 15.0 percent decrease (\$1.9 billion) over 2023. U.S. services exports to Ukraine totaled \$12.4 billion in 2024 (latest data available) down 14.5 percent (\$2.1 billion) from 2023. U.S. services imports from Ukraine totaled \$1.3 billion in 2024 (latest data available) down 10.1 percent (\$147 million) from 2023. Total U.S. services trade with Ukraine was an estimated \$13.7 billion in 2024 (latest data available). Ukraine was the 19th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Ukraine Trade and Investment Cooperation Agreement

The United States and Ukraine signed a Trade and Investment Cooperation Agreement (TICA) on April 1, 2008. The TICA is the primary mechanism for discussions of trade and investment issues between the United States and Ukraine.

IMPORT POLICIES

Tariffs

Ukraine's average Most-Favored-Nation (MFN) applied tariff rate was 4.3 percent in 2024 (latest data available). Ukraine's average MFN applied tariff rate was 9.1 percent for agricultural products and 3.6 percent for non-agricultural products in 2024 (latest data available). Ukraine has bound 100 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 5.8 percent.

Taxes

During 2025, Ukraine considered the application of an excise tax of \$0.10 per liter on all non-alcoholic beverages containing added sugar, but as of December 31, 2025, the draft law was still under consideration in the Ukrainian Parliament.

Value-Added Taxes

Ukraine applies a standard value-added tax (VAT) rate of 20 percent to most goods and services, including U.S. exports to Ukraine. Ukraine rebates VAT duties on exports, including exports to the United States. The VAT does not apply to imports valued at less than UAH 7,649 (approximately \$183). There are exceptions, however, for specific transactions subject to a 14 percent VAT rate (import and supply of certain agriculture products, including soybeans, corn, and sunflower seeds), a 7 percent VAT rate (supply and import of qualifying medicines and specific medical goods), and a zero percent VAT rate (export and re-export of goods). On October 1, 2025, Ukraine extended an exemption from the VAT (and customs duties)

on energy-generating equipment imports and added wind turbines to the exemption until January 2029 due to the ongoing war.

Ukraine employs an automated VAT refund system, but Ukraine's application of the system has been inconsistent, and U.S. companies continue to report that the State Tax Service regularly delays or rejects VAT refunds for exports. In addition, the State Tax Service continues to request original documents confirming business transactions within very short deadlines. Companies also report requests for documentation that go beyond what is required by law. The United States has raised concerns about such delays and requests.

Non-Tariff Barriers

Customs Barriers and Trade Facilitation

Although Ukraine's MFN applied tariff rates are relatively low, U.S. businesses have raised concerns that Ukraine's State Customs Service (SCS) assigns higher and seemingly inconsistent customs values to imports than are reflected in the transaction price as provided in the import documentation. Furthermore, it appears that Ukraine's SCS uses its internal valuation database as a mechanism to establish the minimum values of the goods, rather than for risk analysis purposes only. Specifically, if there is a slight decrease in the invoice value (as compared to historical prices), or if the declared value is lower than the "risk indicators" (which are not publicly available), Ukraine authorities may decide that it is appropriate to increase the customs value determined for the goods. U.S. businesses also report that the SCS has been sending goods for laboratory tests or additional risk audits more frequently, delaying shipments, and raising costs. The United States has frequently raised concerns about these practices with the SCS.

Ukraine implemented amendments to its Customs Code (Law No.4495-VI) from 2024 to 2025 to harmonize its legislation with the European Union (EU). Key updates include reforming customs administration, digitization, and enhancing and streamlining anti-counterfeiting measures. For instance, on October 17, 2024, Ukraine enacted amendments to the Customs Code (Law 3977-IX) that will strengthen integrity measures within the SCS and implement provisions of the EU Customs Code by introducing new standards for customs storage and representation. These amendments may lower operational costs, accelerate processing, and make customs procedures more predictable for companies transporting products into and out of Ukraine. As of December 31, 2025, Ukraine was working on a new Customs Code, modeled on the EU Customs Code, which was submitted to the EU for consultation and approval.

(For further information on the EU's non-tariff barriers, see the Customs Barriers subsection in the EU Chapter of this NTE Report.)

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY MEASURES

Technical Barriers to Trade

Conformity Assessment Procedures—European Union Technical Regulations and Regimes

As part of its Association Agreement with the EU, including the provisions to establish a Deep and Comprehensive Free Trade Area since being granted candidate status for EU membership in June 2022 and opening EU accession negotiations on December 14, 2023, Ukraine is moving to approximate EU technical regulations and the EU's regulatory regime, including the EU's conformity assessment procedures. Some U.S. industry stakeholders have expressed concerns that this process may lead Ukraine to adopt measures

that raise technical barriers to trade. Market access to Ukraine may be impeded in practice by refusing to accept standards other than unique EU regional standards as a basis for technical regulations.

(For further information on the EU's approach to standardization and conformity assessment procedures, see the Technical Barriers to Trade subsection in the EU Chapter of this NTE Report.)

The United States continues to press Ukraine to ensure that, as it approximates its legislation to that of the EU, it does so in a manner that is consistent with its WTO obligations. This includes making full use of the WTO notification procedure to ensure that new regulations and conformity assessment practices are transparent and comply with Ukraine's international obligations. As part of its efforts to align to EU regulations and to improve transparency, Ukraine launched an electronic platform which includes draft regulatory measures, and stakeholder comments.

Energy Drink Age Restrictions

Ukraine is considering legislative proposals relevant to the regulation of energy drinks, including the Draft Law "On Amendments to the Law of Ukraine On Basic Principles and Requirements for Food Safety and Quality to Improve State Regulation of Production and Circulation of Energy Drinks" and the alternative draft law "On Amendments to Certain Legislative Acts to Improve State Regulation of Production and Circulation of Energy Drinks, Establish Restrictive Measures to Reduce Consumption of Energy Drinks and Prohibit the Sale of Such Drinks to Persons Under the Age of 18." The bills, if passed, would prohibit the sale of energy drinks to individuals under 18 years of age.

Sanitary and Phytosanitary Barriers

Import Certification

Ukraine has established a set of import requirements for food products of animal origin, feed, combined products, live animals, and genetic materials that do not appear to be science-based and diverge from internationally accepted standards. To enforce these requirements, Ukraine implemented a list of 72 generic certificates for food products, feed, and animal by-products, as well as 29 sample certificates for live animals and reproductive materials. While the Government of Ukraine accepts previously-negotiated U.S.–Ukrainian export certificates for food, feed, and livestock genetics, U.S. authorities have been unable to endorse any of the generic or sample certificates, limiting certain agricultural goods the United States can export to Ukraine. Furthermore, there are significant challenges in amending existing certificates or negotiating new bilateral certificates. The United States continues to work with Ukraine to ensure continued market access for U.S. agricultural exports as Ukraine continues to implement its import regulations under the EU-approximation agenda.

Approved Exporters List

Under Article 61 of the Law on State Control over Enforcement of Regulations on Food and Feed Safety, Animal Biproducts, Animal Health and Wellbeing, U.S. establishments (e.g., production facilities and farms) can export animal-based products (including composite products, animal feed, and seafood) to Ukraine only if they are on Ukraine's Approved Exporters List or on the EU's list of approved third country establishments. Live animals and genetic materials, however, can be exported to Ukraine only from Ukraine-audited facilities (i.e., the exception for EU-approved facilities does not apply to exports of live animals and genetic materials). Before a new-to-market establishment can be added to Ukraine's Approved Exporters List, it must undergo an audit. Although basic principles of foreign individual audits are published, specific rules and requirements for the procedure are unclear, and the process itself is cost-

prohibitive for small and medium-sized producers. The United States has engaged Ukraine on this topic in various meetings and continues to work with Ukraine to resolve this issue.

Food Safety Standards

Ukraine has adopted food safety requirements that align with EU standards as it deepens its economic relationship with the EU. These measures were notified to the WTO between 2018 and 2025. U.S. exporters (primarily exporters of products of animal origin) are concerned that Ukraine's adoption of EU standards as its national standards, particularly those that are not in line with international standards or based on a risk assessment, could make it significantly more difficult to export certain products to Ukraine. Many of these Ukrainian requirements are related to agrochemicals, veterinary drugs, animal welfare, and hygiene requirements, among others. The United States is working with Ukraine to introduce science-based international practices into Ukraine's rule-making process. In addition, the United States has encouraged Ukraine to make full use of the WTO sanitary and phytosanitary (SPS) notification procedure to ensure that Ukraine's process for adopting new SPS measures is transparent and reflects Ukraine's international obligations.

U.S. industry has raised concerns about Ukraine's biotechnology regime, largely due to the fact that Ukraine's regulatory system for biotechnology products is still in development. Ukraine has not yet implemented a holistic regulatory regime for registration of biotechnology products either for cultivation or trade of food and feed. Without a fully developed regulatory system, U.S. biotechnology and biotechnology-derived products that could benefit Ukrainian farmers, such as U.S. seeds and genetics, cannot be imported into Ukraine. By law, cultivation of biotechnology products is limited to only registered agricultural biotechnology products. As of December 31, 2025, Ukraine's official registry of biotechnology products did not contain any entries. As a result, no biotechnology product can be legally cultivated in Ukraine or imported into Ukraine from the United States or any other third country. Ukraine committed to moving towards regulating its biotechnology sector in line with EU norms by adopting on August 22, 2023, the Law of Ukraine #3339-IX On State Regulation of Genetic Engineering Activities and State Control of the Circulation of Genetically Modified Organisms and Genetically Modified Products to Ensure Food Safety (GE Law). This law will enter into force in September 2026. The law contains provisions noting cultivation of genetically engineered (GE) rapeseed and GE sugar beet will be postponed until after five years of the GE Law's entry into force, while totally banning GE corn. The steps related to GE product registration and implementation of GE trade are unclear at this stage, as new specific regulations and guidelines were still being drafted by relevant Ukrainian Ministries as of December 31, 2025.

The United States continues to work with the Government of Ukraine to facilitate the development and implementation of an effective, science and risk-based regulatory framework for products of biotechnology.

GOVERNMENT PROCUREMENT

On July 14, 2022, amendments to Ukraine's law on public procurement entered into force, establishing local content requirements in public procurement of urban transport, utility equipment, railway transport, aerospace products, and energy engineering products by giving preference to domestic producers in government tenders. Following consultations with the U.S. Government, and consistent with Ukraine's WTO commitments, the law exempts from the preference provisions procurements that are subject to the WTO Agreement on Government Procurement (GPA). U.S. stakeholders remain concerned that the opaque mechanism for determining compliance with the preference provisions could increase the risk of corruption in the procurement process.

Ukraine is a party to the GPA.

INTELLECTUAL PROPERTY PROTECTION

The Special 301 reviews of Ukraine were suspended from 2022 to 2025 due to the conflict in Ukraine. In 2025, the United States engaged with Ukraine on concerns regarding Ukraine's intellectual property (IP) regime, including in the areas of: (1) the administration of the system for collective management organizations that are responsible for collecting and distributing copyright royalties to right holders; (2) the use of unlicensed software by government agencies; and (3) the implementation of effective means to combat widespread online copyright infringement.

INVESTMENT BARRIERS

While Ukraine generally affords foreign investors the same treatment as domestic investors, foreign investors are prohibited from owning agricultural land, producing bioethanol, engaging in certain publishing activities, and investing in certain energy sector assets, such as gas transmission systems, electricity grids, and various plants and factories.

Ukraine has significantly liberalized its foreign exchange rules after introducing highly strict restrictions at the start of the war in 2022. Effective January 14, 2026, the National Bank of Ukraine continued to ease its foreign currency regime to encourage capital flows and support economic recovery. However, capital exit remains tightly managed. Repatriation of profits or capital is capped per issuer per month unless conducted within the investor's original capital contribution.

LABOR

The United States has concerns about Ukraine's law regarding the protection of internationally recognized labor rights, including with respect to freedom of association, the effective recognition of the right to collective bargaining, the effective abolition of child labor, and a prohibition on the worst forms of child labor. The United States also has concerns with respect to labor law enforcement. Ukraine does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Ukraine's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Ukraine an unfair advantage.

OTHER BARRIERS

Bribery and Corruption

Ukraine continues to take important steps to strengthen its anti-corruption efforts, including reforming the SCS, revitalizing and expanding the powers of the Bureau of Economy Security, and tackling financial crimes. Ukraine has undertaken important steps to reform its judiciary, including the reestablishment of key judicial institutions for vetting, evaluating, and disciplining judges. The United States will continue to work with Ukraine to create a business environment that is transparent and firmly grounded in the rule of law.

UNITED KINGDOM

TRADE SUMMARY

The U.S. goods trade surplus with the United Kingdom was \$32.2 billion in 2025, a 183.5 percent increase (\$20.9 billion) over 2024. U.S. goods exports to the United Kingdom totaled \$97.0 billion in 2025, up 22.0 percent (\$17.5 billion) from 2024. U.S. goods imports from the United Kingdom totaled \$64.8 billion in 2025, down 5.0 percent (\$3.4 billion) from 2024. Total U.S. goods trade (exports plus imports) with the United Kingdom was an estimated \$161.8 billion in 2025. The United Kingdom was the 4th largest U.S. goods export market in 2025.

The U.S. services trade surplus with United Kingdom was \$6.3 billion in 2025, a 0.5 percent decrease (\$33 million) over 2024. U.S. services exports to the United Kingdom totaled \$108.7 billion in 2025, up 9.4 percent (\$9.3 billion) from 2024. U.S. services imports from the United Kingdom totaled \$102.3 billion in 2025, up 10.0 percent (\$9.3 billion) from 2024. Total U.S. services trade with the United Kingdom was an estimated \$211.0 billion in 2025. United Kingdom was the largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

Following a June 2016 referendum, the UK formally withdrew from the European Union (EU) on January 31, 2020 (“Brexit”). To avoid any break in existing legal coverage and mechanisms, the UK Government enacted the European Union (Withdrawal) Act 2018 to incorporate EU laws and regulations into domestic UK law, replacing references to EU entities and laws and regulations with corresponding UK references. As a result, beginning January 1, 2021, the UK and EU had nearly identical legal and regulatory structures, although the UK is now able to change its laws and regulations independently of the EU.

The UK and EU negotiated a new trade agreement, the United Kingdom–European Union Trade and Cooperation Agreement (TCA), which, as of January 1, 2021, continued tariff-free and quota-free access to each other’s markets without binding each other’s regulatory regimes. Under the TCA, if domestic regulatory systems diverge in ways that significantly affect trade, either side may seek to rebalance the agreement by modifying market access commitments.

On December 31, 2020, the United States and the UK completed the transition of five existing United States–European Union agreements to new United States–United Kingdom agreements. These five agreements covered areas of bilateral trade in wine, distilled spirits, marine equipment, telecommunications equipment, electromagnetic capability, pharmaceutical products (good manufacturing practices), and covered insurance and reinsurance. Additional information about the agreements can be found on the Office of the United States Trade Representative’s (USTR) [website](#). The United States and the UK have also ensured the transition of mechanisms supporting trade in organic products and recognition of veterinary health certificates.

United States–United Kingdom General Terms

On May 8, 2025, the United States and the UK announced the General Terms for the United States of America and the United Kingdom of Great Britain and Northern Ireland Economic Prosperity Deal (General Terms). The General Terms specify that the United States and UK will engage in negotiations to remove tariff and non-tariff barriers that U.S. industrial and agricultural goods face and to align our economic and national security trade policies. Following the announcement of the General Terms, the United States and

the UK began negotiations on the Economic Prosperity Deal to formalize the commitments outlined in the General Terms.

United States–United Kingdom Agreement in Principle on Pharmaceutical Pricing

To address long-standing imbalances in U.S.–UK pharmaceutical trade, on December 1, 2025, the United States and the UK announced an agreement in principle on pharmaceutical pricing, improving the overall environment for pharmaceutical companies operating in the UK. Pursuant to the terms of the agreement in principle, the UK will reverse a trend of declining National Health Service expenditures on innovative medicines, and increase the net price paid for new medicines by 25 percent. The UK will also ensure that higher prices for new medicines are not materially eroded by a demand for portfolio-wide concessions under the Voluntary Scheme for Branded Medicines Pricing, Access and Growth (VPAG) or other rebate schemes. Specifically, the UK has committed that the repayment rate owed by companies under the current VPAG scheme will decrease to 15 percent in 2026 and remain at or below that level for the duration of the scheme.

IMPORT POLICIES

Tariffs

United Kingdom Global Tariff

The UK's average Most-Favored-Nation (MFN) applied tariff rate was 3.7 percent in 2024 (latest data available). The UK's average MFN applied tariff rate was 8.8 percent for agricultural products and 2.9 percent for non-agricultural products in 2024 (latest data available). The UK has bound 100 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 5 percent. The UK regularly temporarily suspends its MFN applied tariffs on a wide-range of products following applications from the public, resulting in duty-free access for the time of suspension. Suspensions for 290 products are in place until December 31, 2026, and the UK Government is consulting with stakeholders on whether to extend them until December 31, 2028.

The UK has duties on approximately 5,000 tariff lines, including on certain agricultural products, ceramics, chemicals, bioethanol, and vehicles. Tariffs on some products, such as bananas, raw cane sugar, and apparel, which tend not to be import sensitive for the UK, are maintained to provide preferential access for imports from certain developing countries into the UK compared to the MFN rate. The UK has some high tariffs that affect U.S. exports, such as rates of up to 25.0 percent for some fish and seafood products, 10.0 percent for trucks, 10.0 percent for passenger vehicles, and up to 6.5 percent for certain mineral or chemical fertilizers. Tariffs on certain meat, poultry, and dairy products exceed 125 percent.

Tariff-Rate Quotas

Under the UK Global Tariff, some products are covered by a tariff-rate quota (TRQ). TRQs apply to a variety of agricultural products that the United States exports globally in significant quantities, including beef, pork, cereals, and rice.

On June 30, 2025, as agreed under the General Terms, the UK implemented new country specific TRQs for U.S. beef and ethanol exports, with volumes of 13,000 metric tons and 1.4 billion liters, respectively. The new TRQs have zero duty in quota rates. For calendar year 2025 the TRQ volumes were calculated on a pro-rata basis, retroactive to May 8, 2025, providing for 8,477 metric tons of beef and 913 million liters of ethanol. U.S. beef exporters have access to the new country-specific, beef quota in addition to the

UK's WTO TRQ of 1,000 metric tons, allocated to the United States and Canada. The UK reduced its WTO TRQ in-quota tariff rate for the United States from 20 percent to zero percent.

The UK maintains five autonomous tariff quotas (ATQs) that allow limited quantities of fisheries products such as cod (40,140 metric tons) and pollock (31,120 metric tons) into the UK duty free before being subject to tariffs. U.S. stakeholders allege that ATQs are being filled by fish that were caught by Russian vessels but processed and exported from China to circumvent UK sanctions on Russian seafood, leaving little to no duty-free access under the ATQs for U.S. fisheries products.

Taxes

Value-Added Taxes

The UK applies a standard value-added tax (VAT) rate of 20 percent to most goods and services, including U.S. exports to the UK. Some goods and services, including home energy, are subject to a reduced VAT rate of 5 percent, while other goods and services such as most foods, children's clothes, and certain financial services are charged a zero percent rate. The UK generally does not charge a VAT on exported goods, including exports to the United States, and businesses can claim rebates on the VAT that was charged on inputs used to produce or ship those exports. Goods exported from Northern Ireland to the EU are subject to EU VAT rules under the Windsor Framework. As of 2021, the UK charges a VAT on imports at the same rates as domestically supplied goods. For consignments whose value does not exceed £135 (approximately \$169), the VAT is generally collected at the point of sale rather than the point of importation.

Non-Tariff Barriers

Northern Ireland-Specific Border Controls

Northern Ireland is subject to separate arrangements under the Windsor Framework that forms part of the UK-EU agreement addressing the UK's withdrawal from the EU. The introduction of new trade easements for goods moving from Great Britain (England, Wales, and Scotland) to Northern Ireland under the Windsor Framework began on October 1, 2023, with some final aspects implemented in 2025. The Windsor Framework applies UK public health and consumer protection standards to all retail food and drink moving into Northern Ireland for local consumption.

Border Target Operating Model

The UK's Border Target Operating Model (BTOM) outlines the UK's approach to Safety and Security controls (applying to all imports) and sanitary and phytosanitary (SPS) controls (applying to imports of live animals, germinal products, animal products, plants, and plant products) at the border. The BTOM categorizes imports as either high, medium, or low risk, with border controls applied according to assessed risks posed by both the commodity and country of origin. The BTOM is applicable to imports from all countries into Great Britain and necessitates Great Britain model health certificates. Northern Ireland is subject to separate arrangements under the Windsor Framework. U.S. stakeholders have noted concerns regarding the fairness of and scientific justifications behind some of the parameters used to determine the risk categories under the BTOM.

Throughout 2025, the UK Government suspended the introduction of additional checks on some imports of live animals, fruit, and vegetables from the EU under the BTOM, as the UK continues negotiating a SPS agreement with the EU. There is uncertainty about the continued use of BTOM or GB health certificates should the UK dynamically align with EU agri-food standards as a result of an SPS agreement with the EU.

Customs

The UK has not implemented a customs Single Trade Window, which was previously targeted for delivery in the 2025 to 2026 fiscal year. The UK Government had announced it would launch a new single window system by 2025, but is no longer in a position to communicate an implementation plan.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Following withdrawal from the EU, the UK transposed existing EU technical regulations into UK law in 2021, thus creating close initial alignment between UK and EU technical regulations and other requirements. Several specific trade concerns outlined in the technical barriers to trade (TBT) section of the EU Chapter in this National Trade Estimate Report therefore also exist with respect to the UK. It remains to be seen if additional divergences between the two regimes will continue because changes to some EU regulations have not been, or will not be, automatically reflected in the UK regulatory regime (with the exception of Northern Ireland under the Windsor Framework).

Automotive Requirements

The UK does not fully accept U.S. automotive requirements as sufficient for meeting its domestic requirements, creating barriers for U.S. vehicle and vehicle parts exports to enter the market.

Sanitary and Phytosanitary Barriers

Following withdrawal from the EU, the UK transposed existing EU SPS measures into UK law in 2021, thus creating close alignment between UK and EU SPS measures. On May 19, 2025, the UK and EU announced a “Common Understanding” that includes commitments to negotiate an SPS agreement between the two parties. The UK has agreed that as part of an SPS agreement, the UK will dynamically align with the relevant EU laws and regulations that cover sanitary, phytosanitary, food safety, and general consumer protection rules applicable to the production, distribution, and consumption of food products, the regulation of live animals and pesticides, and the rules on organics as well as marketing standards applicable to certain sectors or products. Due to the continued and future alignment with the EU, many trade concerns outlined in the SPS section of the EU Chapter in this National Trade Estimate Report therefore remain with respect to the UK, and several significant trade barriers are referenced below.

Specifically, the UK remains closely aligned to EU policy on pesticide approvals, regulation, and maximum residue limits (MRLs). Additionally, the UK restricts imports of meat produced using certain veterinary drugs, despite scientific evidence that such meat is safe for consumers. To export beef to the UK, U.S. producers must participate in a costly and burdensome verification program and produce beef to EU specifications under the Non-Hormone Treated Cattle Program, adding significant cost to production and limiting U.S. export opportunities. Further, the UK prohibits the use of pathogen reduction treatments that have been approved for use in the United States to remove harmful pathogens commonly present on raw poultry, thereby severely restricting the ability of U.S. establishments to be approved for export.

The United States is concerned that existing UK measures, and the likely future dynamic alignment with the EU, unnecessarily restrict trade without furthering safety objectives because they appear to be applied

beyond the extent necessary to protect human, animal, or plant life or health, or appear to be not based on risk or science.

Agricultural Biotechnology

U.S. exports of processed foods and beverages to the UK have been constrained in part by local legislation pertaining to genetically modified (GM) food products. Due to long-standing negative perceptions in the UK of agricultural biotechnology, UK supermarkets and food manufacturers formulate their grocery products to exclude GM ingredients.

In March 23, 2023, the Genetic Technology (Precision Breeding) Act received Royal Assent, confirming it as an Act of Parliament. The Act intends to simplify the process by which precision breeding technologies (*i.e.*, targeted genetic changes to produce beneficial traits that can also occur through traditional breeding and natural processes) can be authorized and brought to market more easily. The implementing regulations entered into force on November 13, 2025, providing a pathway to apply for authorizations of Precision Bred Organisms to be accepted in England. The United States will continue to monitor the implementation of the Act.

Agricultural Chemicals, Pesticide Regulations

Since January 2021, Great Britain has operated an independent pesticide regulatory regime, while Northern Ireland remains subject to the EU's pesticide regulatory regime. Having retained and assimilated all EU law relating to plant protection products, the absence of any subsequent regulatory changes means the UK is effectively still following the EU's hazard-based approach to active substance approvals and MRLs. On August 15, 2023, the UK notified a reduction in the MRL for chlorpropham for fresh and frozen potatoes to the WTO Committee on Sanitary and Phytosanitary Measures. In this case, the UK's approach appears as restrictive as the EU's. In other instances, however, the Great Britain regulator (Health and Safety Executive) has conducted its own risk assessments to bring Great Britain MRLs into alignment with less restrictive MRLs set by the Codex Alimentarius. Similarly, Great Britain has used flexibilities to interpret legacy EU rules and extend active substance approvals, thereby facilitating trade.

With pesticides explicitly within scope of the proposed UK-EU SPS agreement, U.S. agricultural exporters are increasingly concerned that the UK will align completely with the EU's approach to regulating agricultural chemicals and pesticides, which often results in restrictions that do not appear to be science-based and that could result in further reductions of MRLs.

GOVERNMENT PROCUREMENT

The UK is a Party to the WTO Agreement on Government Procurement (GPA).

United Kingdom Space Agency

The UK is a member of the European Space Agency (ESA) and contributes funding to specific ESA procurement. U.S. companies are generally prohibited from competing on ESA contracts because the contracts are generally only open to economic operators in ESA Member States. The UK allocates a significant amount of money to the ESA. For example, on November 27, 2025, the UK committed £1.7 billion (approximately \$2.1 billion) in new funding to the ESA. This investment raises the UK's total ESA support to £2.8 billion (approximately \$3.5 billion) over the next decade and channels funding back into UK and EU industry through major contracts.

INTELLECTUAL PROPERTY PROTECTION

The UK generally maintains high levels of intellectual property (IP) protection and enforcement. However, U.S. stakeholders have expressed concern that the UK music copyright collective fails to remunerate U.S. artists for radio broadcasts and public performances of their music in the UK. The United States will continue to monitor developments with the UK's IP system.

Geographical Indications

The UK geographical indications (GI) program limits the use of the geographical names for food, drink, and agricultural products (including beer, cider, and perry), spirit drinks, wine, and aromatized wine. The UK schemes use the following designations: Protected Designation of Origin (PDO); Protected Geographical Indication (PGI); and Traditional Speciality Guaranteed (TSG).

The UK schemes are open to producers from the UK and other countries. All existing products that were registered under the EU GI schemes as of December 31, 2020, remain covered under the UK GI schemes, including both UK and EU GIs.

The United States is monitoring the impact of the UK's schemes for the protection of GIs on prior trademark rights and on market access for U.S. goods that rely on the use of common names.

SERVICES BARRIERS

Professional Qualifications

Permission to act as a chartered accountant requires the applicant to have professional experience in the UK, thus limiting experienced U.S. certified public accountants from obtaining authorization to practice in the UK.

Vessel Licensing Fees in the British Virgin Islands

On June 1, 2025, the British Virgin Islands (BVI) adopted the Commercial Recreational Vessel Licensing Act (CRVL), increasing the fees on foreign charter vessels entering the BVI's territorial waters by up to 4,000 percent. The changes are significantly affecting the marine tourism industry of the U.S. Virgin Islands (USVI), which is closely integrated with BVI, including forcing USVI charter operators to close or relocate. The USVI marine tourism industry supports as many as 5,000 jobs and contributes approximately \$166 million to the local economy.

Other Digitally-Enabled Services and Digital Products

Digital Services Taxation

The UK imposes a 2 percent digital services tax (DST) on revenues of certain companies that provide certain digital services (search engines, social media platforms, and online marketplaces) in the UK. The tax applies only to companies with digital services revenue exceeding £500 million (approximately \$677 million) and UK digital services revenues exceeding £25 million (approximately \$34 million). Companies became liable for the DST on April 1, 2020.

On June 2, 2020, the U.S. Trade Representative initiated a Section 301 investigation of the UK's proposed DST, which was subsequently adopted. On the same day, the U.S. Trade Representative requested consultations with the Government of the UK.

On October 8, 2021, the UK joined the United States and 134 other jurisdictions participating in the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting in reaching a political agreement on a two-pillar solution to address tax challenges arising from the digitalization of the world economy. As part of Pillar 1, all parties would remove existing DSTs and other relevant similar measures, and would coordinate the withdrawal of these taxes.

On October 21, 2021, the United States, under the prior Administration, issued a joint statement with the UK and four other countries on a transitional approach to those countries' DSTs during the transitional period prior to implementation of Pillar 1. According to the statement, DST liability that accrued to the UK during the transitional period would be creditable in defined circumstances against future corporate income tax liability due under Pillar 1. In return, the Section 301 trade action initiated in respect of goods of the UK was not continued. The arrangement set out in the joint statement was extended to June 30, 2024. The arrangement has not been in effect since.

On January 20, 2025, the United States issued a White House Memorandum titled, "The Organization for Economic Cooperation 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 representatives of the U.S. Department of Treasury 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. In coordination with the U.S. Department of Treasury, USTR has continued to monitor the relevant measures.

A February 21, 2025, Presidential Memorandum titled "[Defending American Companies and Innovators From Overseas Extortion and Unfair Fines and Penalties](#)" instructed the U.S. Trade Representative to determine whether to renew investigations of DSTs, including the U.K. DST, under Section 301 of the Trade Act of 1974.

On November 26, 2025, the UK released its DST Review Report, which noted that the UK intends to maintain its measure. According to the same review, the UK collected approximately £800 million (approximately \$1 billion) in revenues from 2024-2025, including hundreds of millions of dollars from U.S. companies.

Digital Markets, Competition, and Consumers Act

The UK's 2024 Digital Markets, Competition, and Consumers Act (DMCC) was enacted to promote competition and strengthen consumer protection in digital markets. On October 22, 2025, the Competition and Markets Authority (CMA) found that several U.S. companies hold substantial and entrenched market power and designated them as holding Strategic Market Status (SMS) under the DMCC. The CMA can

impose additional requirements on these U.S. companies under the DMCC; however, the CMA has indicated that it will conduct consultations before taking any action.

SUBSIDIES

Government Support for Airbus

In October 2019, after 15 years of litigation, the WTO authorized the United States to take \$7.5 billion in countermeasures in the dispute against the EU, France, Germany, Spain, and the UK regarding their illegal subsidies for the Airbus consortium.

In June 2021, the United States and the UK announced a cooperative framework to address the large civil aircraft disputes and agreed to future cooperation to overcome any disagreements in the sector. Over many years, the UK, together with France, Germany, and Spain, provided subsidies to Airbus-affiliated companies to aid in the development, production, and marketing of Airbus's large civil aircraft. As part of the cooperative framework, the United States and UK will not impose countermeasures in the form of tariffs for a five-year period, which is set to expire in July 2026, and will work together to address non-market practices in the aircraft sector. The United States and the UK established a working group to address these issues on an ongoing basis.

OTHER NON-MARKET POLICIES AND PRACTICES

The UK does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and UK markets from distortions and ensure a fair and secure trading relationship. The UK has not entered into an agreement that includes commitments to address distortions caused by such NMPPs. The UK participates in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The UK does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in the UK's market. This issue may artificially suppress costs, including labor costs, which may give certain goods from and within the UK an unfair advantage.

ENVIRONMENT

Carbon Border Adjustment Mechanism

On December 18, 2023, the UK announced it would implement a Carbon Border Adjustment Mechanism (CBAM) in 2027. Throughout 2024, the UK consulted the public on the policy design and implementation of CBAM. On December 4, 2025, the UK Government put forward primary legislation to introduce CBAM as part of the Finance (No. 2) Bill. If passed, the CBAM would assess fees on covered UK imports on the basis of their embedded emissions. The fees will be linked to the carbon price in the UK Emissions Trading System.

Covered CBAM products fall within the aluminum, cement, fertilizer, hydrogen, and iron and steel sectors. Given the potential impact on U.S. exports to the UK through new CBAM fees that vary across imports (depending on their specific production processes) and the administrative costs associated with tracking

and verifying those embedded emissions, the United States has been engaging with the UK on its CBAM. In addition, the UK is negotiating with the EU on how its Emissions Trading System will interact with the EU's, which could result in reciprocal exemptions from their respective CBAMs, further disadvantaging U.S. stakeholders.

URUGUAY

TRADE SUMMARY

The U.S. goods trade surplus with Uruguay was \$442 million in 2025, a 14.2 percent increase (\$55.0 million) over 2024. U.S. goods exports to Uruguay totaled \$2.0 billion in 2025, up 25.1 percent (\$407.1 million) from 2024. U.S. goods imports from Uruguay totaled \$1.6 billion in 2025, up 28.6 percent (\$352.1 million) from 2024. Total U.S. goods trade (exports plus imports) with Uruguay was an estimated \$3.6 billion in 2025. Uruguay was the 71st largest U.S. goods export market in 2025.

The U.S. services trade surplus with Uruguay was \$592 million in 2024 (latest data available), a 4.8 percent increase (\$27 million) over 2023. U.S. services exports to Uruguay totaled \$987 million in 2024 (latest data available) down 0.9 percent (\$9 million) from 2023. U.S. services imports from Uruguay totaled \$395 million in 2024 (latest data available) down 4.4 percent (\$18 million) from 2023. Total U.S. services trade with Uruguay was an estimated \$1.4 billion in 2024 (latest data available). Uruguay was the 76th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States and Uruguay signed a Trade and Investment Framework Agreement (TIFA) on January 25, 2007. The TIFA is the primary mechanism for discussions of trade and investment issues between the United States and Uruguay.

IMPORT POLICIES

Tariffs

Uruguay's average Most-Favored-Nation (MFN) applied tariff rate was 9.0 percent in 2024 (latest data available). Uruguay's average MFN applied tariff rate was 8.7 percent for agricultural products and 9.1 percent for non-agricultural products in 2024 (latest data available). Uruguay has bound 100 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 31.5 percent.

Uruguay is a founding member of the Southern Common Market (MERCOSUR), formed in 1991, which also includes Argentina, Bolivia, Brazil, and Paraguay. On July 5, 2024, Bolivia promulgated its law to become a full member, and it is in the process of incorporating MERCOSUR's regulations. MERCOSUR's Common External Tariff (CET) ranges from zero percent to 35.0 percent *ad valorem*. If the product is then re-exported to another MERCOSUR country, the CET must be paid again to the second country. MERCOSUR approved a Common Customs Code (CCC) in 2010 and launched a plan to eliminate the double application of the CET within MERCOSUR. However, only Argentina has ratified the CCC; therefore, it has not yet taken effect. MERCOSUR has numerous exceptions to its CET, both by sector (*e.g.*, telecommunications or capital goods) and by MERCOSUR member country.

Taxes

Value-Added Taxes

Uruguay applies a standard value-added tax (VAT) rate of 22 percent on most goods and services, including U.S. exports to Uruguay. Goods and services such as food, medicines, and health services are subject to a

lower rate of 10 percent, and certain goods and services are exempt, including milk, books, and agricultural machinery. Exports from Uruguay are also exempt from the VAT.

Non-Tariff Barriers

Customs Barriers and Trade Facilitation

Uruguay charges a consular fee on imports, currently at 5 percent *ad valorem*. The imposition of consular fees disadvantages U.S. exports to Uruguay by increasing costs and imposing additional formalities that are unrelated to the services provided by the customs authority. MERCOSUR products pay a 3 percent rate, and products imported under other agreements (*e.g.*, with Mexico) have zero percent.

TECHNICAL BARRIERS TO TRADE

In May 2024, Uruguay published a proposed regulation on dietary supplements and notified the measure to the WTO TBT Committee. As noted in its June 2024 comment, the United States remains concerned that Uruguay has not considered relevant international standards and that Uruguay's proposed requirement of registration certificates and sale authorizations may be difficult for manufacturers to obtain since relevant competent authorities, like the U.S. Food and Drug Administration, do not issue such certificates.

On February 26, 2025 and July 23, 2024, respectively, Uruguay notified to the WTO Committee on Technical Barriers to Trade two MERCOSUR proposed technical regulations: (1) related to food-grade post-consumer recycled PCR polyethylene terephthalate (PET) containers (food-grade PCR PET) intended to come into contact with food; and (2) related to cellulosic materials, packaging, and equipment intended to come into contact with food. The United States commented on these proposals on April 24, 2025 and September 12, 2024, respectively. The comments requested technical clarifications and probed Uruguay about the specifics of its traceability program for food-grade PCR PET containers. U.S. industry stakeholders are concerned that the regulations could result in unclear, onerous traceability procedures for manufacturers. The measures remain in draft form and as of December 31, 2025, had not yet been finalized.

Automotive Regulations

In January 2023, Uruguay proposed changes to Articles 2 to 6 of Law No. 19.824 on automotive safety. If the proposed changes were implemented, Uruguay would no longer fully accept U.S. Federal Motor Vehicle Safety Standards (FMVSS) as sufficient for meeting its domestic requirements, creating barriers for U.S. vehicle and vehicle parts exports to enter the market. In 2025, the Uruguayan Government confirmed to the United States that it would delay implementation of the proposed changes in order to review the inclusion of other automotive safety standards, including FMVSS.

INTELLECTUAL PROPERTY PROTECTION

The United States remains concerned about the lack of sufficient transparency and fairness in the protection of geographical indications (GIs) and the need to ensure that the grant of GI protection does not deprive interested parties of the ability to use common names, particularly as Uruguay proceeds with the European Union–MERCOSUR Trade Agreement.

SERVICES BARRIERS

Digitally-Enabled Services and Digital Products

Law No. 18.331 on the Protection of Personal Data, the “Habreas Data” action, and Decree No. 414/009 govern personal data protection in Uruguay. Law No. 20075 entered into force on January 1, 2023, and amends the Uruguayan data protection system. Uruguayan law restricts the transfer of personal data outside of Uruguay unless the destination country has a law that is substantially similar or provide an equivalent level of protection to Uruguayan law or when other specific requirements are met, such as the use of standard contractual clauses. In November 2023, the Uruguayan Data Protection Authority issued Resolution No. 63/023 recognizing that for U.S. companies certified under the U.S-EU Data Privacy Framework (DPF), the United States provides an adequate level of data protection.

OTHER NON-MARKET POLICIES AND PRACTICES

Uruguay does not impose sufficient measures against non-market policies and practices (NMPPs) in order to insulate the U.S. and Uruguayan markets from distortions and ensure a fair and secure trading relationship. Uruguay has not entered into an Agreement on Reciprocal Trade with the United States that includes commitments to address distortions caused by such NMPPs. Uruguay does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns with respect to labor law enforcement. Uruguay does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Uruguay’s market. This issue may artificially suppress costs, including labor costs, giving certain goods and services from and within Uruguay an unfair advantage.

VIETNAM

TRADE SUMMARY

The U.S. goods trade deficit with Vietnam was \$178.2 billion in 2025, a 44.3 percent increase (\$54.7 billion) over 2024. U.S. goods exports to Vietnam totaled \$15.7 billion in 2025, up 20.0 percent (\$2.6 billion) from 2024. U.S. goods imports from Vietnam totaled \$193.8 billion in 2025, up 42.0 percent (\$57.3 billion) from 2024. Total U.S. goods trade (exports plus imports) with Vietnam was an estimated \$209.5 billion in 2025. Vietnam was the 27th largest U.S. goods export market in 2025.

The U.S. services trade surplus with Vietnam was \$1.1 billion in 2025, a 33.7 percent decrease (\$573 million) over 2024. U.S. services exports to Vietnam totaled \$3.5 billion in 2025, down 4.8 percent (\$176 million) from 2024. U.S. services imports from Vietnam totaled \$2.3 billion in 2025, up 20.4 percent (\$397 million) from 2024. Total U.S. services trade with Vietnam was an estimated \$5.8 billion in 2025. Vietnam was the 39th largest U.S. services export market in 2024 (latest data available).

TRADE AGREEMENTS

The United States–Vietnam Trade and Investment Framework Agreement and Bilateral Trade Agreement

The United States and Vietnam signed a Trade and Investment Framework Agreement in June 2007. This Agreement is the primary mechanism for discussions of trade and investment issues between the United States and Vietnam. The United States–Vietnam Bilateral Trade Agreement entered into force on December 10, 2001.

Joint Statement on a Framework for an Agreement on Reciprocal, Fair, and Balanced Trade

In October 2025, the United States and Vietnam issued a Joint Statement on a Framework for an Agreement on Reciprocal, Fair and Balanced Trade (Agreement). The Framework outlined key terms to be formalized under the Agreement, including that Vietnam will provide preferential market access for substantially all U.S. industrial and agricultural exports. Vietnam will also address: non-tariff barriers for U.S. industrial and agricultural products, including by accepting vehicles built to U.S. Federal Motor Vehicle Safety Standards and emissions standards; issues related to import licenses for U.S. medical devices; and regulatory requirements and approvals for U.S. pharmaceutical products. The United States is engaging with Vietnam to address digital trade, services, investment, intellectual property, labor, environment, customs and trade facilitation, good regulatory practices, and any distortionary behaviors of state-owned enterprises. The United States and Vietnam will continue negotiations to finalize the Agreement.

IMPORT POLICIES

Tariffs

Vietnam's average Most-Favored-Nation (MFN) applied tariff rate was 9.5 percent in 2024 (latest data available). Vietnam's average MFN applied tariff rate was 17.0 percent for agricultural products and 8.3 percent for non-agricultural products in 2023 (latest data available). Vietnam has bound 100 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 11.7 percent.

Although the majority of U.S. exports to Vietnam face tariffs of 15 percent or less, consumer-oriented food and agricultural products continue to face higher rates. In recent years, Vietnam has increased MFN applied tariff rates on a number of products, including: sweeteners (such as fructose and glucose); confectionary products; shelled walnuts; ketchup and other tomato sauces; inkjet printers; soda ash; and stainless-steel bars and rods. Most of the products for which tariffs have increased are also produced by companies in Vietnam. On March 31, 2025, Vietnam's Ministry of Finance (MOF) issued Decree 73/2025/ND-CP, which lowered its tariff rates on frozen chicken drumsticks (from 20 to 15 percent), raw pistachios (from 15 to 5 percent), almonds (from 10 to 5 percent), apples (from 8 to 5 percent), cherries (from 10 to 5 percent), raisins (from 12 to 5 percent), liquified natural gas (from 5 to 2 percent), ethanol (from 10 to 5 percent), and certain vehicles (from 64 to 50 percent). The decree also eliminated tariffs on certain wood and wood products, ethane, non-seed corn, and soybean oilcakes.

Vietnam also maintains import tariff-rate quota regimes for salt, eggs, and sugar.

Taxes

In 2016, Vietnam's Law 106/2016/QH13 increased the special consumption taxable base for imported alcoholic beverages from the import price to the sales price received by the importer, thereby significantly increasing the tax burden on importers relative to domestic producers. In June 2025, the Special Consumption Tax Law 66/2025/QH15 increased taxes on pickup vehicles (both imported and domestically manufactured) in three phases beginning in 2027 through 2029. Vietnam's imposed tax rates for passenger vehicles and pickups are based on engine size, with larger engines subject to higher tax rates.

Value-Added Taxes

Vietnam applies a standard value-added tax (VAT) rate of 10 percent to most goods and services, including U.S. exports to Vietnam. Vietnam applies a zero percent VAT on exported goods, including Vietnamese exports to the United States. Vietnamese exporters are eligible for VAT refunds on certain inputs for Vietnamese exports if the uncredited input amount is above VMD 300 million (approximately \$12,414).

Vietnam applies a 5 percent VAT for certain products including for clean water, fertilizers, certain agricultural production services, agricultural production, fishing vessels and machinery, and medical equipment, among others. Vietnam does not apply a VAT to certain agriculture and aquaculture products, animal husbandry, animal feed; certain insurance and financial services; and certain healthcare and animal health services.

Non-Tariff Barriers

Import Bans/Restrictions

Vietnam prohibits the commercial importation of some products, such as: pesticides banned for use in Vietnam under Circular 15/2018/TT-BNNPTNT; used consumer goods, medical equipment, and vehicles; used technology products and devices regulated by Circular 11/2018/TT-BTTTT (electronic devices, industrial machinery, home appliances, and technical components); used material and means of transport under Circular 12/2018/TT-BCT; right-hand drive vehicles (with exceptions for airport shuttles, garbage trucks, forklifts, etc.), including remanufactured versions of these goods under Circular 13/2015/TT-BGTVT; and published products managed by the Ministry of Science and Technology such as postage stamps and radio frequency devices under Decree 69/2018/ND-CP.

Import Licensing Requirements—Civil Cryptography

Vietnam's Government Cipher Committee (GCC) requires that enterprises trading information and communications technology (ICT) products with data encryption capabilities must obtain a cryptography trading license and a cryptography import license. U.S. stakeholders have expressed concerns with delays and inconsistent approval process of the licenses and requirement being imposed on a very broad range of consumer ICT goods. In August 2025, Vietnam issued an amended Decree 211/2025/ND-CP, which updated the GCC's timelines to approve and issue licenses. However, in December 2025, Vietnam issued an amended Law on Cybersecurity, which indicated that further requirements regulating the issuance, suspension, and revocation of trading licenses of cybersecurity products and services, as well as regulation of the import and exports of such products, would be forthcoming.

Product Registration Requirements—Imported Pharmaceuticals

On November 21, 2024, the National Assembly issued Law 44/2024/QH15 amending the Pharmaceutical Law. Law 44/2024/QH15 designates the pharmaceutical sector as a strategic priority industry and introduces special investment incentives for projects. The law and its implementing measures also aim to streamline marketing authorization (MA) procedures. The Ministry of Health (MOH) is responsible for reviewing and publicizing the list of MAs that meet the requirements in a public and transparent manner.

Decree 163/2025/ND-CP (Decree 163) stipulates measures for the implementation of Law 22/2024/QH15 and replaces Decree No. 54/2027/ND-CP. Decree 163 came into effect on July 1, 2025, allowing U.S. drug manufacturers to use U.S. Food and Drug Administration documentation to certify Good Manufacturing Practice compliance, and facilitates both drug registration and procurement in Vietnam.

On July 1, 2025, Circular 12/2025/TT-BYT (Circular 12) affecting drug registration also came into effect, replacing Circular 08/2022/TT-BYT and Circular 55/2024/TT-BYT. Under Circular 12, companies can maintain market access by submitting MA renewal applications before expiration; the existing authorization remains valid throughout the review period without requiring prior approval from the Drug Administration of Vietnam. Circular 12 also introduces a reliance mechanism to reduce the regulated approval timeline from 12 months to 9 months for new medicines, including those from the United States. Some technical concerns relating to how regulatory authorities will assess the safety monitoring reports included in MA renewal applications remain. The United States will continue to monitor the implementation of this circular.

Medical Devices

In January 2025, Vietnam issued Decree 04/2025/ND-CP (Decree 04), amending and supplementing Decree No. 98/2021/ND-CP, as amended by Decree No. 07/2023/ND-CP, on the management of medical equipment. Decree 04 allowed all existing medical equipment import licenses to be automatically extended to June 30, 2025, and regulates outstanding applications for import licenses to be reviewed and approved under the legal framework of this new decree. U.S. industry stakeholders have indicated that the MOH has subsequently addressed the backlog of applications for import license renewals. The MOH has transitioned from its past practice of issuing time-bound import licenses to the issuance of MAs for imported medical devices with indefinite validity. Effective July 1, 2025, the MOH completed its transition to the new regulatory framework, marking the end of the grace period for older import licenses and introducing mandatory MA licensing for all Class B, C, and D medical devices. The Vietnamese Government has begun drafting a legislative replacement for this series of decrees that is expected to be reviewed by the National Assembly during the spring 2028 session. The United States continued to monitor the developments related to the implementation of new and existing measures.

Ethanol

On November 7, 2025, Vietnam's Ministry of Industry and Trade (MOIT) issued Circular 50/2025/TT-BCT, setting a national plan for biofuel use in road vehicles. Starting June 1, 2026, all gasoline sold nationwide must be blended with ethanol. Under the policy, 92-octane gasoline may continue to be sold with a 5 percent ethanol blend until the end of 2030, while all other gasoline grades must contain 10 percent ethanol. The United States has encouraged the Vietnamese Government and industry stakeholders to expand ethanol-blended gasoline and reduce ethanol tariffs.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Labeling

Decree 111/2021/ND-CP, which revised Decree 43/2017/ND-CP on Goods Labeling and became effective on February 15, 2022, requires imported goods to have a label added by merchants. The updated decree requires significantly more information to appear on all labels and imposes a range of additional specific requirements that vary depending on the product category. Importers have reported challenges to entering imported goods due to uncertainty and inconsistency in product classifications, which make it difficult for importers to comply with labeling requirements.

Local In-Country Testing Requirements for Information Communications Technology Products

The amended Law on Standards and Technical Regulation No. 70/2025/QH15 and the amended Law on Products and Goods Quality No. 78/2025/QH15 provide that product conformity declarations may be issued based on existing certification results provided by recognized organizations, thus eliminating the need for repeated evaluations. Additionally, the Law on Standards and Technical Regulations introduces specific regulations concerning Mutual Recognition Agreements (MRAs). These articles permit the unilateral acceptance of foreign conformity assessments, ensuring seamless integration with international customs, and facilitating both imports and exports. If implemented appropriately, this revised law would address concerns previously raised by the U.S. Government about the burdensome requirements and in-country testing.

The revised law took effect as of January 1, 2026, and the implementing decrees and circulars were at the drafting stage; as such, the specific implementation was not yet fully defined. The practical application of unilateral recognition—such as the criteria for ministries to accept results from foreign organizations accredited by bodies such as International Laboratory Accreditation Cooperation, International Accreditation Forum, and Asia Pacific Accreditation Cooperation—depends on these future implementing decrees and circulars.

Cosmetics

In May 2025, Vietnam released its Draft Decree on the Management of Cosmetics, which sets several new requirements that could disrupt U.S. cosmetic products from entering its market. Concerns raised by U.S. industry include new requirements on: new certificates of free sale, burdensome labeling, new product testing requirements for certain products, and various duplicative requirements. Other concerns identified by U.S. stakeholders include whether the decree could require U.S. companies to disclose confidential business information as part of the product information file submission.

Sanitary and Phytosanitary Barriers

Approvals for the Importation or Commercialization of Biotechnology Products

After several years of inactivity, Vietnam resumed its approvals of biotechnology products in 2023. From 2024 through February 2025, Vietnam approved eight applications for biotechnology products. However, in March 2025, Vietnam merged the Ministry of Agriculture and Rural Development and the Ministry of Natural Resources and Environment into the newly established Ministry of Agriculture and Environment (MAE) as part of a broader government reorganization. The institutional changes affected Vietnam's timely implementation of its biosafety regulations. As of December 31, 2025, the MAE had begun its review of one new biotechnology application but had yet to begin review of two other applications. Vietnam remains a major importer of biotechnology products and a key market for cultivation approvals as part of the commercialization process.

Imports Under the Food Safety Law

In February 2018, as part of enforcement of its Food Safety Law (FSL), Vietnam adopted Decree 15/2018/ND-CP (Decree 15), which provides guidance on self-declaration, labeling, import inspection, and registration for export to Vietnam of food products of plant and animal origin. Although Decree 15 simplified self-declaration for importation of food products, some aspects of the decree created uncertainty, with different line ministries, and even departments within the MAE, appearing to have contradictory interpretations. For example, the MAE and the MOH have provided contradictory interpretations regarding Vietnam's definition of "processed products," which are exempt from the facility registration process under Decree 15.

In March 2025, the MOH officially notified to the WTO Committee on Sanitary and Phytosanitary Measures (WTO SPS Committee) an amendment to Decree 15 and re-notified the amendment in June 2025. The proposed changes introduce prescriptive procedures and documentation requirements on a pre-market basis for processed and packaged foods, particularly supplemented foods. The amendment also proposes transferring food safety inspection authorities from line ministries to state inspection agencies appointed by provincial authorities. As of December 31, 2025, this amendment remains under government review. Although the amendment to Decree 15 is not final, the MOH is concurrently advancing amendments to the FSL. Vietnam notified a draft amendment to the FSL to the WTO SPS Committee in July 2025 and to the WTO Committee on Technical Barriers to Trade in August 2025. The draft amendment introduces a five-year validity period for self-declarations and product declarations, which represents a significant shift from the current FSL and Decree 15, which do not require a validity period. This change could impose substantial compliance costs on the food industry. The draft amendment also removes explicit provisions assigning food safety responsibilities among line ministries. Instead, it designates the MOH as the lead agency for food safety management. This shift may create ambiguity in inter-ministerial coordination and implementation unless subsequent regulations clearly define these roles. The United States continued to monitor the amendment of the FSL and Decree 15 to avoid any potential disruptive effects on U.S. food exports.

Import Ban on Offal Products

Despite the MAE lifting Vietnam's ban on the importation of so-called "white offal," such as poultry gizzards and beef and pork stomach and intestines, Vietnam has not approved new U.S. facilities to export these products since September 2013. The United States continued to raise concerns about Vietnam's lack of a science-based justification for not approving new U.S. facilities seeking to export certain offal. In 2025, Vietnam continued to delay progress on opening market access for U.S. offal products.

Facility Registration and Testing Requirements for Meat and Poultry Products

The MAE approval of new meat and poultry export facilities continued to result in challenges in 2025. Applicants experienced an increase in requests for additional information, including requests for proprietary information, and U.S. stakeholders were concerned that the level of detail requested amounts to a virtual audit of individual facilities. The United States will continue working with the MAE to ensure this process is streamlined for future facility registrations.

Vietnam implemented Circular 4/2024 concerning the quarantine of terrestrial animals and their products on May 16, 2024, which outlines a host of testing requirements for different products, including pathogen testing measures. U.S. stakeholders noted concern that Circular 4/2024 has created uncertainty for trade due to a lack of key information regarding its implementation, including: how the measures are being implemented; how to appeal test results; how to request retests; the disposition of products testing positive; and timelines for actions to be taken by Vietnam's competent authority in response to positive test results.

Meat and Poultry Product Listings

Importers of U.S. meat and poultry products have reported difficulties in obtaining import quarantine permits due to issues with product listings and the absence of clear, written procedures for updating these listings. The lack of transparent and predictable processes for product registration and listing updates impedes trade efficiency, delays market access, and creates uncertainty for U.S. exporters.

GOVERNMENT PROCUREMENT

Vietnam's Government procurement framework is governed by the 2023 Law on Procurement, which establishes the foundational rules for public procurement activities. The law underwent significant amendments in 2025, with key provisions taking effect on July 1, 2025, and additional changes implemented throughout the year. Despite these updates, Vietnam's procurement framework continues to prioritize domestic solutions, creating barriers for foreign suppliers seeking access to Government contracts.

Vietnam is not a Party to the WTO Agreement on Government Procurement (GPA), but has been an observer to the WTO Committee on Government Procurement since December 2012.

INTELLECTUAL PROPERTY PROTECTION

Vietnam remained on the Watch List in the [2025 Special 301 Report](#). Developments include the first-ever criminal convictions in Vietnam for online piracy, a reported increase in market raids and seizures of counterfeit goods, the establishment of specialized intellectual property (IP) courts, and increases in enforcement activity by Vietnam Customs at the northern border.

However, there has been little or no progress on the range of serious concerns that remain regarding other IP protection and enforcement issues. Vietnam remains a leading source of online piracy and continues to host some of the most popular English-language copyright infringement sites and services in the world, targeting a global audience. Stakeholders report that Vietnam has become a key manufacturer of counterfeit products. Counterfeit goods remain widely available in physical markets and through e-commerce platforms. Vietnam's continued reliance on administrative enforcement actions has consistently failed to address widespread counterfeiting. Stakeholders also report mixed experiences with Vietnam Customs, with some brands noting minimal seizures for consumer goods and personal care products. In addition, the

United States has concerns about the lack of clarity in Vietnam’s system for protecting against the unfair commercial use and unauthorized disclosure of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products.

Capacity and resource constraints, corruption, and poor coordination among enforcement agencies continue to pose challenges to effective IP enforcement. Saigon Square Shopping Mall in Ho Chi Minh City and Gia Lam in Hanoi are included in the [2025 Review of Notorious Markets for Counterfeiting and Piracy](#) (Notorious Markets List). In 2024, prosecutors obtained the first-ever criminal convictions in Vietnam for online piracy; additional convictions were issued in 2025. However, all of the defendants received suspended sentences and were only ordered to pay relatively low financial penalties. In order to have a deterrent effect, Vietnamese enforcement authorities should bring more criminal cases against significant piracy sites and consider seeking prison sentences, monetary fines, and other criminal penalties at the higher levels that are available under Vietnamese law. In addition, the United States has concerns about the lack of clarity in Vietnam’s system for protecting against the unfair commercial use and unauthorized disclosure of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products.

The United States continued to monitor the implementation of IP provisions pursuant to Vietnam’s commitments under trade agreements with third parties. The European Union-Vietnam Free Trade Agreement (EVFTA) grandfathered prior users of certain cheese terms from the restrictions in the geographical indications (GIs) provisions of the EVFTA, and it is important that Vietnam ensures market access for prior users of those terms who were in the Vietnamese market before the grandfathering date of January 1, 2017.

SERVICES BARRIERS

Audiovisual Services

Decree 71/2022 (Decree 71), which amends Decree 06/2016 on the Management, Provision, and Use of Radio and Television Services, took effect on October 1, 2022, and requires either a local presence or a joint venture for online, over-the-top (OTT) radio and television services. The measure encompasses films and non-scripted “non-film” programs like game shows, reality shows, stand-up comedy, documentaries, and docuseries. The Law on Cinema and its implementing decree allow foreign OTT providers to offer films without obtaining a license or establishing a local entity, although platforms must adhere to two separate sets of regulations for content censorship, categorization, and ratings: Circular 05/2023/TT-BVHTTDL from the Ministry of Culture, Sports, and Tourism for films; and Circular 06/2023/TT-BTTTT from the Ministry of Information and Communications for “non-film” programs. Vietnam’s implementation of Decree 71 has led some U.S. stakeholders to withdraw from the Vietnamese market, while other remaining platforms have removed “non-scripted” programs and follow a “post-check” system to comply with the requirements for films.

Financial Services

Banking Services

Foreign investors may establish 100 percent foreign-owned bank subsidiaries and may take ownership interests in domestic “joint stock” banks (*i.e.*, commercial banks with any percentage of private ownership) or “joint venture” banks (*i.e.*, banks set up by joint venture agreement, typically between domestic and foreign partners). Total equity held by foreign institutional and individual investors in domestic joint stock banks is limited to 30 percent, while total equity held by a foreign strategic investor (defined as a foreign credit institution meeting certain criteria related to capacity to help develop the Vietnamese banking

partner) is limited to 20 percent. Foreign equity in joint venture banks is limited to 50 percent. U.S. stakeholders have raised concerns about provisions in the Law on Credit Institutions, which limits the lending of foreign bank branches in Vietnam based on their local charter capital, rather than the global capital of the parent bank. The amended 2024 Law on Credit Institutions, as further implemented through Decree 69/2025/ND-CP, further allows foreign ownership to increase up to 49 percent of certain banks that are in need of restructuring.

Electronic Payment Services

In 2016, two Vietnamese payment processing networks were consolidated into a *de facto* monopoly, the National Payments Corporation of Vietnam (NAPAS), which is partially owned by the State Bank of Vietnam. Since January 2021, Circular 28 requires that domestic retail electronic payment transactions be processed through NAPAS when a payment card, including an internationally-branded payment card, is presented at the merchant point of sale. This requirement does not apply to online transactions. The requirement continues under Circular 18, effective July 2024.

Telecommunications Services

Vietnam's amended Law on Telecommunications (No. 24/2023/QH15) and its guiding Decree 163/2024/ND-CP impose foreign ownership restrictions on traditional telecommunications service providers with network infrastructure. The Vietnamese Government will set maximum shareholding limits for foreign investors with stakes in multiple providers in the same market to ensure fair competition. Additionally, foreign-owned telecommunications suppliers entering commercial agreements with licensed Vietnamese companies must implement technical plans to ensure information security. The Law also expands the definition of telecommunications services to cover services that are not traditionally considered telecommunications services, such as data centers, cloud computing, and Internet-based services with communications capabilities. U.S. stakeholders have raised concerns regarding uncertainty created by the expanded definition. Decree 163/2024/ND-CP further clarifies obligations for licensing, infrastructure, subscriber data, and provider responsibilities for data centers, cloud computing and Internet-based services with communications capabilities. While cross-border providers are not required to partner with licensed Vietnamese companies, they face requirements related to notification, user privacy, and cybersecurity.

Other Digitally-Enabled Services and Digital Products

Cybersecurity

Vietnam's Law on Cybersecurity (2018) and its implementing Decree 53/2022/ND-CP require all domestic companies, including foreign-invested subsidiaries, to store a copy of Vietnamese user data on local servers and to establish a physical presence in Vietnam. Foreign firms are exempt from these requirements, but if a foreign firm provides its services in violation of Vietnamese law, the Ministry of Public Security (MPS) has the power to require the firm to localize its data. In the lead-up to the Vietnam Communist Party Congress, the MPS has issued varying degrees of warnings to U.S. platforms, urging them to remove content critical of the Vietnam Communist Party and Government officials, with the possibility of enforcement measures. Vietnam adopted an amended Law on Cybersecurity in December 2025, which maintains these provisions. The amended law takes effect on July 1, 2026.

Internet-Based Services

Vietnam's Decree on the Management, Provision, and Use of Internet Services and Online Information (147/2024/ND-CP) requires foreign providers deemed "Regulated Cross-Border Services" to, upon request, hand over user data to the government, remove information that is categorized as illegal by the government,

and enter into “cooperation agreements” with Vietnamese press agencies. Providers of social networks, app stores, and online games face additional obligations.

Personal Data Protection

On June 26, 2025, Vietnam adopted the Law on Personal Data Protection (PDP Law) (No.91/2025/QH15) which took effect on January 1, 2026, and replaced the prior Personal Data Protection Decree (Decree 13/2023/ND-CP). The PDP law preserves the existing restrictions on cross-border data transfers, including the requirement to submit an impact assessment to MPS within 60 days of the initial transfer of data, and to maintain records for each individual transfer. Small businesses and startups may opt out of certain obligations for five years, while household businesses and micro-enterprises are fully exempt. The law provides for fines on companies of up to 10 times the revenue gained from buying or selling personal data in violation of the Act, and up to five percent of a company’s annual revenue for cross-border data transfer violations.

Vietnam’s Law on Data (No. 60/2024/QH15) took effect on July 1, 2025. The law imposes a preapproval process for the cross-border transfer of “core” data and “important” data, which is defined broadly by Vietnam to include defense, banking, insurance, and health data. The law and its implementing Decree No. 165/2025/ND-CP impose strict conditions on cross-border data transfers. Decision 20/2025/QD-TTg, issued on July 1, 2025, defines “core” data as non-public and critical to national interests, subject to the highest security standards, and requiring multi-level authority consent.

Electronic Commerce Regulation

Vietnam’s Law on Electronic Transactions (No. 20/2023/QH15) went into effect on July 1, 2024. The law regulates e-transactions, e-contracts, e-signatures, data sharing, and databases. Vietnam’s Decree on Electronic Signatures and Trust Services (23/2025/ND-CP) went into effect on April 10, 2025, and establishes a comprehensive legal framework for digital transactions in Vietnam. The decree details new requirements for electronic signature certificates and also outlines the conditions under which a service provider’s license may be revoked, such as in cases of intentional fraud or failure to operate within the first year of authorization.

On December 10, 2025, Vietnam adopted the Law on Electronic Commerce (No. 122/2025/QH15), which will take effect on July 1, 2026. Under the law, foreign platforms operating directly in Vietnam are not required to establish a corporate legal entity in Vietnam but must authorize a legal representative in Vietnam to fulfill certain obligations. The law requires the use of the national electronic identification system (VNeID) to verify seller identities. U.S. stakeholders have expressed concerns with potential overlaps with other existing legislation including the Cybersecurity Law, Data Law, and Personal Data Protection Law, which may create compliance complexities for foreign providers.

Digital Competition

Vietnam adopted the Law on Digital Transformation (No. 148/2025/QH15) on December 11, 2025, and it will go into effect on July 1, 2026. The United States will monitor Vietnam’s implementation of the new law and other proposed regulatory developments that may introduce *ex-ante* competition restrictions targeted at U.S. companies.

INVESTMENT BARRIERS

Vietnam imposes statutory restrictions on foreign ownership across various sectors, governed primarily by Decree 31/2021/ND-CP, as amended by Decree 239/2025/ND-CP. The regulatory framework prohibits foreign investment in 25 business sectors and imposes market access conditions on 59 additional sectors, including banking and non-bank credit institutions, aviation, land and sea transportation, film production and distribution, tourism services, advertising, and logistics. These conditions include foreign ownership caps, joint venture requirements, and local partnership obligations.

Foreign ownership limits in publicly traded companies vary significantly by sector, with certain industries restricting foreign ownership to as low as 5 to 10 percent. Certain foreign investments require Prime Ministerial approval, including projects involving airports, specific seaports, casinos, oil and gas exploration and refining, traditional telecommunications and network infrastructure, forestry, and publishing, and projects requiring approval from more than one Vietnamese province.

Despite some reforms, foreign ownership restrictions remain a significant barrier in many sectors, and proposed regulatory amendments have yet to address many of these limitations.

OTHER MARKET-DISTORTING PRACTICES

Vietnam does not impose sufficient measures against market-distorting practices in order to insulate the U.S. and Vietnamese markets from these distortions and ensure a fair and secure trading relationship. Vietnam has not entered into an Agreement on Reciprocal, Fair, and Balanced Trade with the United States that includes commitments to address these distortions. Vietnam does not participate in the Global Forum on Steel Excess Capacity, which is dedicated to developing and implementing collective solutions to address global excess capacity and enhance market function in the steel sector.

LABOR

The United States has concerns about Vietnam's law regarding the protection of internationally recognized labor rights, in particular with respect to freedom of association and the effective recognition of the right to collective bargaining. The United States also has concerns with respect to labor law enforcement. Vietnam does not have a ban on the importation of goods produced with forced or compulsory labor. Therefore, such goods can enter and compete in Vietnam's market. Together, these issues may artificially suppress costs, including labor costs, giving certain goods and services from and within Vietnam an unfair advantage.

ENVIRONMENT

Illegal Logging and Associated Trade

Illegal logging and trade in illegally harvested timber puts U.S. companies that comply with environmental laws at an unfair disadvantage, funds transnational criminal organizations, depresses global wood prices, and harms the environment and local communities. In October 2020, the U.S. Trade Representative initiated a Section 301 investigation into Vietnam's acts, policies, and practices related to the import and use of illegal timber, and in particular, to examine reports that Vietnam's wood processing industry relies upon imported timber that may have been illegally harvested or traded. On October 1, 2021, the United States and Vietnam signed an agreement (301 Timber Agreement) that addresses U.S. concerns in the investigation. The 301 Timber Agreement secures commitments from Vietnam that will help keep illegally harvested or traded timber out of the supply chain.

To implement these commitments, Vietnam issued Decree No. 120/2024/ND-CP (Decree 120) dated September 30, 2024, amending and supplementing several articles of Decree No. 102/2020/ND-CP dated September 1, 2020, providing regulations on the Vietnam Timber Legality Assurance System. The Vietnamese Government also issued Decree No. 77/2025/ND-CP (Decree 77) on April 1, 2025, which replaced Decree No. 29/2018/ND-CP dated March 5, 2018, establishing the authority and procedures for establishing ownership over and handling of assets. On June 24, 2025, Vietnam issued Circular No. 26/2025/TT-BNNMT, on the management of forest products, disposition of forest products and aquatic products being property under public ownership establishment. The circular implements Decree 120 and Decree 77.

The United States has held several Timber Working Group meetings with Vietnam since 2022. The United States will continue to monitor Vietnam's implementation of its commitments under the 301 Timber Agreement with a view to ensure Vietnam's continued action to combat the unfair trade practice of illegal logging and associated trade.

Illegal Wildlife Trade and Associated Crimes

Wildlife trafficking is a serious transnational crime that threatens security and economic prosperity. Vietnam is a source, destination, and major transit hub of wildlife trafficking products or their derivatives, especially for species including rhinos, tigers, and pangolins. Vietnamese Government officials have been reported to be actively engaged in, or profiting from, trafficking of endangered or threatened species. Weak penalties for wildlife crimes, as well as poor environmental law enforcement and corruption, facilitate this illicit activity. Illegal wildlife trade undercuts legitimate U.S. businesses, for example, in the pet, fashion, and medical research sectors, that comply with strict regulations and sustainable practices, and contaminates global supply chains, which may be riddled with illicit product that can ultimately reach U.S. consumers.

Illegal, Unreported and Unregulated Fishing

Vietnam faces significant challenges with illegal, unreported and unregulated (IUU) fishing. The Maritime SAFE Act Interagency Working Group on IUU Fishing selected Vietnam as one of five Priority Flag States, which means that Vietnam is working with the United States to take effective action against IUU fishing activities associated with its vessels. Vietnam operates a fisheries management system aimed at regulating marine capture fishing and protecting marine species, including policies to reduce over-exploitation, improve fishing efficiency, and address illegal fishing practices. However, the effectiveness and implementation of these measures are ongoing challenges. Issues such as unsustainable practices and illegal fishing remain significant problems. IUU fishing by Vietnam puts legitimate fishermen and seafood producers at a disadvantage in the global market and creates unfair competition with producers who bear the cost of sustainable fishing practices. Because Vietnam is a top exporter of fish and fish products to the United States, it is likely that these IUU fishing practices are impacting U.S. supply chains and U.S. producers.

OTHER BARRIERS

U.S. stakeholders continue to have concerns about the lack of transparency and accountability in the Vietnamese Government's regulatory processes due to different line ministries' overlapping mandates and other governance issues in Vietnam.

Export Taxes

Vietnam imposes export taxes (ranging from 1 percent to 40 percent) on goods indicated in Decree 26/2023/ND-CP, which are primarily goods produced from minerals and natural resources in which the cost of energy, minerals, and natural resources is more than 51 percent of the value of the product. These goods include: plants and botanical parts; ore, coal, crude oil, chemicals, skins, wood, and charcoal; gems; silver and gold, jewelry, and metals and metal products.

APPENDIX I

APPENDIX I

U.S. Goods Trade for Select Trade Partners in Rank Order of U.S. Goods Exports, 2024-2025
(Values in Millions of Dollars)

	Goods Balance		Change	Exports	Exports	Change 2024-25		Imports	Imports	Change 2024-25	
Country	2024	2025	2024-25	2024	2025	Value	Percent	2024	2025	Value	Percent
World	-1,204,719	-1,237,259	-32,539	2,061,691	2,178,489	116,798	5.7	3,266,410	3,415,747	149,337	4.6
Mexico	-171,491	-196,913	-25,422	334,032	337,960	3,928	1.2	505,523	534,874	29,350	5.8
Canada	-61,979	-53,159	8,819	349,908	329,801	-20,107	-5.7	411,887	382,960	-28,926	-7.0
China	-295,515	-202,071	93,444	143,227	106,308	-36,918	-25.8	438,742	308,380	-130,362	-29.7
United Kingdom	11,365	32,222	20,857	79,532	97,009	17,477	22.0	68,168	64,788	-3,380	-5.0
Netherlands	54,167	60,698	6,531	88,223	95,643	7,420	8.4	34,055	34,945	890	2.6
Germany	-84,656	-73,047	11,609	75,724	83,062	7,338	9.7	160,380	156,108	-4,272	-2.7
Japan	-69,392	-63,883	5,509	78,978	82,067	3,089	3.9	148,371	145,950	-2,420	-1.6
Switzerland	-38,283	-34,304	3,979	25,043	71,694	46,651	186.3	63,326	105,998	42,673	67.4
Korea	-65,967	-56,416	9,551	65,586	68,806	3,220	4.9	131,553	125,222	-6,331	-4.8
Taiwan	-73,718	-146,756	-73,039	42,537	54,666	12,129	28.5	116,255	201,423	85,168	73.3
Brazil	6,788	14,446	7,658	49,136	54,384	5,248	10.7	42,348	39,938	-2,411	-5.7
France	-16,236	-18,121	-1,885	43,548	50,028	6,481	14.9	59,783	68,149	8,366	14.0
India	-45,801	-58,216	-12,415	41,537	45,608	4,071	9.8	87,338	103,824	16,486	18.9
Italy	-43,987	-30,754	13,233	32,357	43,668	11,310	35.0	76,344	74,421	-1,923	-2.5
Singapore	1,855	3,553	1,698	45,039	41,655	-3,385	-7.5	43,184	38,102	-5,083	-11.8
Belgium	6,414	9,148	2,734	34,201	36,405	2,204	6.4	27,787	27,257	-530	-1.9
Australia	17,914	4,580	-13,335	34,583	33,697	-886	-2.6	16,669	29,117	12,449	74.7
Hong Kong	21,936	28,542	6,606	27,884	33,673	5,789	20.8	5,948	5,131	-817	-13.7
United Arab Emirates	19,617	23,809	4,191	27,028	31,415	4,386	16.2	7,411	7,606	195	2.6
Malaysia	-24,854	-30,791	-5,937	27,635	28,867	1,232	4.5	52,488	59,657	7,169	13.7
Spain	3,412	4,795	1,383	24,662	26,135	1,473	6.0	21,251	21,340	90	0.4
Türkiye	-1,374	3,987	5,361	15,376	20,399	5,023	32.7	16,750	16,412	-338	-2.0
Thailand	-45,492	-71,856	-26,364	17,858	19,484	1,627	9.1	63,350	91,340	27,991	44.2
Colombia	831	1,580	749	18,695	19,394	699	3.7	17,865	17,814	-50	-0.3
Ireland	-86,521	-114,201	-27,680	16,760	19,336	2,576	15.4	103,281	133,537	30,256	29.3
Chile	1,809	164	-1,646	18,232	19,121	889	4.9	16,423	18,957	2,535	15.4
Vietnam	-123,457	-178,183	-54,726	13,044	15,657	2,613	20.0	136,501	193,840	57,339	42.0
Poland	-1,542	175	1,717	12,154	14,247	2,093	17.2	13,696	14,072	376	2.7
Saudi Arabia	278	3,598	3,320	13,134	14,084	950	7.2	12,856	10,486	-2,370	-18.4
Israel	-7,435	-6,734	701	14,771	13,820	-951	-6.4	22,206	20,554	-1,652	-7.4
Dominican Republic	5,514	5,377	-137	13,015	12,935	-80	-0.6	7,502	7,558	57	0.8
Peru	1,779	1,547	-232	11,141	12,263	1,121	10.1	9,362	10,715	1,353	14.4
Indonesia	-17,893	-23,716	-5,823	10,159	11,026	867	8.5	28,052	34,742	6,690	23.8
Costa Rica	-1,994	-3,680	-1,686	9,631	10,233	601	6.2	11,625	13,913	2,287	19.7
Guatemala	4,691	4,844	153	9,708	10,018	310	3.2	5,018	5,174	157	3.1
Argentina	1,998	1,612	-386	9,095	9,901	806	8.9	7,097	8,288	1,192	16.8
Egypt	3,751	6,626	2,875	6,296	9,478	3,182	50.5	2,545	2,852	307	12.0
Sweden	-9,807	-6,857	2,950	8,177	9,192	1,015	12.4	17,985	16,049	-1,935	-10.8
Philippines	-4,916	-8,619	-3,702	9,245	9,147	-98	-1.1	14,162	17,766	3,604	25.4
Panama	9,970	8,357	-1,613	10,525	9,017	-1,507	-14.3	555	660	105	19.0
Ecuador	-974	-469	505	7,569	8,553	984	13.0	8,543	9,021	479	5.6
Honduras	1,566	1,480	-86	7,098	6,981	-116	-1.6	5,531	5,501	-30	-0.5
Nigeria	-1,454	1,794	3,248	4,290	6,790	2,500	58.3	5,744	4,996	-748	-13.0
South Africa	-8,864	-10,096	-1,232	5,824	6,364	540	9.3	14,688	16,460	1,772	12.1
Bahamas	3,691	3,419	-272	5,483	6,034	551	10.0	1,792	2,615	823	45.9
Morocco	3,392	3,652	260	5,295	5,515	220	4.2	1,903	1,863	-40	-2.1
Austria	-13,109	-12,166	943	4,465	5,409	945	21.2	17,573	17,575	2	0.0
El Salvador	2,232	2,319	86	4,543	4,599	56	1.2	2,311	2,280	-30	-1.3
Denmark	-4,246	-7,591	-3,345	5,790	4,582	-1,208	-20.9	10,036	12,173	2,137	21.3
Norway	-2,043	-2,069	-25	4,558	4,556	-1	0.0	6,601	6,625	24	0.4

U.S. Goods Trade for Select Trade Partners in Rank Order of U.S. Goods Exports, 2024-2025
(Values in Millions of Dollars)

Country	Goods Balance		Change	Exports	Exports	Change 2024-25		Imports	Imports	Change 2024-25	
	2024	2025	2024-25	2024	2025	Value	Percent	2024	2025	Value	Percent
Czechia (Czech Republic)	-3,793	-3,728	66	4,279	4,447	167	3.9	8,073	8,174	101	1.3
Qatar	1,968	2,361	393	3,804	4,424	620	16.3	1,836	2,063	227	12.4
Paraguay	2,825	3,853	1,028	3,181	4,412	1,231	38.7	356	559	203	57.2
New Zealand	-1,121	-1,479	-358	4,491	4,108	-383	-8.5	5,612	5,587	-25	-0.5
Hungary	-9,432	-8,391	1,041	3,262	3,416	154	4.7	12,694	11,807	-887	-7.0
Pakistan	-3,011	-2,121	890	2,108	3,301	1,193	56.6	5,119	5,422	303	5.9
Trinidad and Tobago	-422	465	887	2,948	3,141	193	6.5	3,370	2,676	-694	-20.6
Venezuela	-1,823	-698	1,125	4,198	2,999	-1,200	-28.6	6,021	3,697	-2,324	-38.6
Finland	-5,577	-5,223	354	2,547	2,842	295	11.6	8,124	8,065	-59	-0.7
Portugal	-3,827	-3,677	150	2,957	2,675	-282	-9.5	6,784	6,352	-432	-6.4
Jamaica	2,283	2,291	8	2,646	2,672	26	1.0	363	381	18	5.0
Lithuania	-53	734	787	1,977	2,630	653	33.0	2,029	1,896	-133	-6.6
Greece	263	278	16	2,505	2,537	32	1.3	2,243	2,259	16	0.7
Kuwait	717	1,054	337	2,386	2,466	79	3.3	1,669	1,412	-257	-15.4
Nicaragua	-1,873	-2,524	-652	2,748	2,437	-312	-11.3	4,621	4,961	340	7.4
Ukraine	516	936	420	1,695	2,378	684	40.3	1,179	1,442	263	22.3
Bangladesh	-6,063	-7,146	-1,083	2,295	2,328	33	1.4	8,359	9,474	1,115	13.3
Oman	628	1,088	460	1,952	2,212	260	13.3	1,324	1,124	-200	-15.1
Jordan	-1,321	-876	446	2,034	2,201	167	8.2	3,355	3,077	-279	-8.3
Georgia	1,570	2,043	473	1,735	2,145	410	23.6	165	102	-63	-38.3
Uruguay	387	442	55	1,620	2,027	407	25.1	1,233	1,585	352	28.6
Iraq	-5,869	-4,611	1,258	1,672	1,663	-8	-0.5	7,541	6,275	-1,266	-16.8
Guyana	-4,061	-3,600	460	1,315	1,523	208	15.8	5,375	5,123	-252	-4.7
Luxembourg	411	491	80	1,109	1,443	334	30.1	698	952	253	36.3
Ethiopia	551	411	-140	1,017	1,436	419	41.2	466	1,025	559	120.1
Romania	-2,649	-2,484	165	1,261	1,400	139	11.0	3,910	3,884	-26	-0.7
Cayman Islands	1,234	1,325	92	1,283	1,366	83	6.5	49	41	-8	-17.2
Haiti	590	776	187	1,205	1,313	108	8.9	616	536	-79	-12.9
Bahrain	409	48	-361	1,648	1,307	-341	-20.7	1,239	1,259	20	1.6
Ghana	-206	63	269	968	1,284	316	32.6	1,174	1,220	47	4.0
Algeria	-1,448	-969	478	1,014	1,269	256	25.2	2,462	2,239	-223	-9.1
Saint Lucia	1,030	1,194	163	1,037	1,207	170	16.3	7	13	6	91.1
Angola	-1,187	307	1,493	682	1,178	495	72.6	1,869	871	-998	-53.4
Bulgaria	-1,007	-347	659	482	1,126	643	133.4	1,489	1,473	-16	-1.1
Curaçao	904	1,033	130	936	1,088	152	16.2	32	54	22	69.9
Slovakia	-7,627	-5,567	2,060	554	1,023	468	84.5	8,181	6,589	-1,592	-19.5
Kenya	34	132	98	771	991	220	28.5	737	859	122	16.5
Kazakhstan	-1,273	-3,078	-1,806	1,076	985	-91	-8.5	2,349	4,063	1,714	73.0
Croatia	-3	-133	-130	997	817	-180	-18.1	1,000	950	-51	-5.1
Lebanon	280	599	319	537	816	280	52.1	257	217	-39	-15.2
European Union-27	-235,874	-218,750	17,124	369,789	414,428	44,639	12.1	605,663	633,179	27,516	4.5

Source: U.S. Census, accessed Feb 23, 2026.

U.S. Services Trade for Select Trade Partners in Rank Order of U.S. Services Exports, 2023-2024 (latest data available)
(Value in Millions of Dollars)

Country	Service Balance		Change	Exports	Exports	Change 2023-24		Imports	Imports	Change 2023-24	
	2023	2024	2023-24	2023	2024	Value	Percent	2023	2024	Value	Percent
World	283,290	311,870	28,580	1,045,079	1,152,747	107,668	10.3	761,789	840,877	79,088	10.4
United Kingdom	6,416	6,357	-59	91,236	99,365	8,129	8.9	84,820	93,008	8,188	9.7
Canada	31,332	33,232	1,900	86,387	90,267	3,880	4.5	55,055	57,035	1,980	3.6
Ireland	43,800	53,335	9,535	71,322	83,272	11,950	16.8	27,522	29,937	2,415	8.8
Switzerland	22,696	29,701	7,005	56,466	64,689	8,223	14.6	33,770	34,988	1,218	3.6
China	28,410	33,164	4,754	47,713	55,025	7,312	15.3	19,303	21,861	2,558	13.3
Mexico	2,769	5,279	2,510	46,181	50,415	4,234	9.2	43,412	45,136	1,724	4.0
Japan	9,064	6,921	-2,143	46,545	49,377	2,832	6.1	37,481	42,456	4,975	13.3
Germany	-3,098	-2,687	411	42,756	44,960	2,204	5.2	45,854	47,647	1,793	3.9
India	-75	102	177	36,010	41,751	5,741	15.9	36,085	41,649	5,564	15.4
Singapore	26,554	25,070	-1,484	39,159	41,440	2,281	5.8	12,605	16,370	3,765	29.9
Netherlands	20,000	21,060	1,060	35,273	37,076	1,803	5.1	15,273	16,016	743	4.9
Brazil	17,513	23,102	5,589	23,787	29,584	5,797	24.4	6,274	6,482	208	3.3
France	-1,209	-2,727	-1,518	27,128	28,832	1,704	6.3	28,337	31,559	3,222	11.4
Luxembourg	17,743	25,420	7,677	21,139	27,971	6,832	32.3	3,396	2,551	-845	-24.9
Korea	10,652	11,546	894	25,587	27,002	1,415	5.5	14,935	15,456	521	3.5
Australia	14,260	14,827	567	25,552	26,599	1,047	4.1	11,292	11,772	480	4.3
Hong Kong	883	332	-551	13,096	15,345	2,249	17.2	12,213	15,013	2,800	22.9
Taiwan	434	494	60	12,439	13,691	1,252	10.1	12,005	13,197	1,192	9.9
Italy	-3,447	-4,352	-905	10,540	12,027	1,487	14.1	13,987	16,379	2,392	17.1
Denmark	2,702	2,125	-577	10,491	11,567	1,076	10.3	7,789	9,442	1,653	21.2
Saudi Arabia	8,931	9,199	268	10,952	11,337	385	3.5	2,021	2,138	117	5.8
Spain	-1,196	-1,871	-675	9,914	10,759	845	8.5	11,110	12,630	1,520	13.7
Colombia	1,161	2,520	1,359	8,327	9,615	1,288	15.5	7,166	7,095	-71	-1.0
Bermuda	-34,713	-46,485	-11,772	8,446	9,265	819	9.7	43,159	55,750	12,591	29.2
Israel	-2,038	-457	1,581	6,812	8,781	1,969	28.9	8,850	9,238	388	4.4
Sweden	2,800	2,847	47	7,324	8,136	812	11.1	4,524	5,289	765	16.9
Chile	2,740	3,177	437	7,261	8,059	798	11.0	4,521	4,882	361	8.0
Argentina	4,639	4,782	143	6,881	7,376	495	7.2	2,242	2,594	352	15.7
Belgium	334	71	-263	6,199	6,297	98	1.6	5,865	6,226	361	6.2
Türkiye	685	940	255	5,172	5,932	760	14.7	4,487	4,992	505	11.3
Poland	221	583	362	4,079	4,810	731	17.9	3,858	4,227	369	9.6
Philippines	-4,411	-3,890	521	4,109	4,804	695	16.9	8,520	8,694	174	2.0
Malaysia	1,444	1,673	229	3,883	4,030	147	3.8	2,439	2,357	-82	-3.4
Peru	1,737	1,419	-318	3,783	3,815	32	0.8	2,046	2,396	350	17.1
New Zealand	1,008	914	-94	3,615	3,717	102	2.8	2,607	2,803	196	7.5
Dominican Republic	-4,976	-5,501	-525	3,159	3,707	548	17.3	8,135	9,208	1,073	13.2
Vietnam	1,766	1,698	-68	3,162	3,646	484	15.3	1,396	1,948	552	39.5
South Africa	1,315	1,418	103	3,286	3,547	261	7.9	1,971	2,129	158	8.0
Thailand	236	-140	-376	3,074	3,471	397	12.9	2,838	3,611	773	27.2
Panama	440	618	178	2,951	3,438	487	16.5	2,511	2,820	309	12.3
Indonesia	1,561	1,425	-136	2,850	3,048	198	6.9	1,289	1,623	334	25.9
Norway	251	64	-187	2,581	2,832	251	9.7	2,330	2,768	438	18.8
Austria	462	438	-24	2,264	2,636	372	16.4	1,802	2,198	396	22.0
Costa Rica	-2,463	-3,060	-597	2,329	2,551	222	9.5	4,792	5,611	819	17.1
Guatemala	1,046	1,076	30	2,295	2,544	249	10.8	1,249	1,468	219	17.5
Nigeria	1,515	1,700	185	2,205	2,335	130	5.9	690	635	-55	-8.0
El Salvador	198	484	286	1,911	2,152	241	12.6	1,713	1,668	-45	-2.6
Greece	-3,987	-4,360	-373	1,890	2,049	159	8.4	5,877	6,409	532	9.1
Honduras	785	873	88	1,765	2,012	247	14.0	980	1,139	159	16.2
Finland	-231	-71	160	1,735	1,896	161	9.3	1,966	1,967	1	0.1
Portugal	-1,457	-2,672	-1,215	1,723	1,894	171	9.9	3,180	4,566	1,386	43.6
Cyprus	-654	-565	89	1,529	1,802	273	17.9	2,183	2,367	184	8.4
Czech Republic	-43	-66	-23	1,629	1,738	109	6.7	1,672	1,804	132	7.9
Venezuela	1,724	1,375	-349	1,851	1,508	-343	-18.5	127	133	6	4.7
Hungary	276	317	41	1,280	1,397	117	9.1	1,004	1,080	76	7.6

U.S. Services Trade for Select Trade Partners in Rank Order of U.S. Services Exports, 2023-2024 (latest data available)
(Value in Millions of Dollars)

Country	Service Balance		Change	Exports	Exports	Change 2023-24		Imports	Imports	Change 2023-24	
	2023	2024	2023-24	2023	2024	Value	Percent	2023	2024	Value	Percent
Russia	610	872	262	1,209	1,256	47	3.9	599	384	-215	-35.9
Romania	163	289	126	1,044	1,222	178	17.0	881	933	52	5.9
Morocco	-1	159	160	856	1,063	207	24.2	857	904	47	5.5
Bulgaria	-164	626	790	482	1,053	571	118.5	646	427	-219	-33.9
Jordan	10	63	53	944	987	43	4.6	934	924	-10	-1.1
Oman	435	545	110	629	772	143	22.7	194	227	33	17.0
Nicaragua	75	173	98	591	728	137	23.2	516	555	39	7.6
Lithuania	117	378	261	324	604	280	86.4	207	226	19	9.2
Bahrain	-255	-465	-210	618	481	-137	-22.2	873	946	73	8.4
Slovakia	196	231	35	427	448	21	4.9	231	217	-14	-6.1
Malta	-509	-424	85	435	441	6	1.4	944	865	-79	-8.4
Croatia	-288	-211	77	349	385	36	10.3	637	596	-41	-6.4
Latvia	127	171	44	236	310	74	31.4	109	139	30	27.5
Slovenia	135	152	17	224	256	32	14.3	89	104	15	16.9
Estonia	16	0	-16	181	210	29	16.0	165	210	45	27.3
European Union - 27	72,809	88,037	15,228	261,917	294,048	32,131	12.3	189,108	206,011	16,903	8.9

Source: U.S. Bureau of Economic Analysis, Table 2.2. U.S. Trade in Services, by Type of Service and by Country or Affiliation. Release date: November 19, 2025.

U.S. FDI Abroad (Stock) for Select Trade Partners in Rank Order of FDI, 2023-2024 (latest data available)
(Value in Millions of Dollars)

Country	FDI Stock		Percent Change	Leading FDI Categories Reported
	2023	2024	2023-24	
World	6,620,475	6,826,786	3.1	Nonbank Holding Companies, Manufacturing, Finance and Insurance
United Kingdom	1,024,864	1,024,596	0.0	Nonbank Holding Companies, Finance and Insurance, Information Services
Netherlands	995,375	1,011,960	1.7	Nonbank Holding Companies, Manufacturing, Information Services
Luxembourg	522,397	569,566	9.0	Nonbank Holding Companies, Finance and Insurance, Manufacturing
Singapore	445,005	467,591	5.1	Nonbank Holding Companies, Manufacturing, Finance and Insurance
Ireland	465,961	466,848	0.2	Nonbank Holding Companies, Manufacturing, Information Services
Canada	426,255	459,597	7.8	Manufacturing, Finance and Insurance, Nonbank Holding Companies
Bermuda	245,736	240,452	-2.2	Nonbank Holding Companies, Finance and Insurance, Information Services
Germany	201,345	226,826	12.7	Manufacturing, Nonbank Holding Companies, Wholesale Trade
Switzerland	206,764	212,898	3.0	Manufacturing, Nonbank Holding Companies, Wholesale Trade
Australia	189,409	186,195	-1.7	Nonbank Holding Companies, Manufacturing, Mining
Mexico	142,259	159,220	11.9	Manufacturing, Nonbank Holding Companies, Finance and Insurance
China	118,894	122,888	3.4	Manufacturing, Information Services, Finance and Insurance
France	101,406	107,910	6.4	Manufacturing, Finance and Insurance, Nonbank Holding Companies
Hong Kong	91,812	98,524	7.3	Nonbank Holding Companies, Manufacturing, Wholesale Trade
Brazil	91,239	87,958	-3.6	Manufacturing, Finance and Insurance, Mining
India	49,454	58,539	18.4	Manufacturing, Information Services, Finance and Insurance
Japan	59,852	57,462	-4.0	Manufacturing, Finance and Insurance, Wholesale Trade
Sweden	56,228	55,423	-1.4	Nonbank Holding Companies, Manufacturing, Information Services
Belgium	64,377	54,615	-15.2	Manufacturing, Finance and Insurance, Professional, Scientific, and Technical Services
Israel	43,746	52,723	20.5	Manufacturing, Information Services, Professional, Scientific, and Technical Services
Bahamas	49,312	52,717	6.9	
Barbados	58,344	49,496	-15.2	Finance and Insurance, Wholesale Trade, Mining
Korea	34,355	36,387	5.9	Manufacturing, Information Services, Wholesale Trade
Italy	31,350	35,991	14.8	Manufacturing, Wholesale Trade, Finance and Insurance
Spain	38,279	33,820	-11.6	Manufacturing, Professional, Scientific, and Technical Services, Nonbank Holding Companies
Chile	31,201	33,624	7.8	Mining, Finance and Insurance, Information Services
Malaysia	20,994	23,915	13.9	Manufacturing, Nonbank Holding Companies, Wholesale Trade
Taiwan	19,111	20,978	9.8	Manufacturing, Finance and Insurance, Information Services
Hungary	17,433	18,753	7.6	Nonbank Holding Companies, Manufacturing, Information Services
Thailand	13,804	15,812	14.5	Manufacturing, Wholesale Trade, Professional, Scientific, and Technical Services
United Arab Emirates	15,879	15,243	-4.0	Mining, Manufacturing, Wholesale Trade
Cyprus	14,292	14,856	3.9	
Indonesia	14,693	14,615	-0.5	Mining, Manufacturing, Depository Institutions
Saudi Arabia	11,890	13,230	11.3	Nonbank Holding Companies, Manufacturing, Professional, Scientific, and Technical Services
Norway	15,226	12,605	-17.2	Information Services, Mining, Manufacturing
Argentina	11,124	12,060	8.4	Manufacturing, Information Services, Nonbank Holding Companies
Egypt	12,238	11,896	-2.8	Manufacturing, Professional, Scientific, and Technical Services, Wholesale Trade
Poland	11,803	10,726	-9.1	Manufacturing, Information Services, Professional, Scientific, and Technical Services
Denmark	10,517	10,009	-4.8	Nonbank Holding Companies, Manufacturing, Finance and Insurance
Finland	8,892	8,607	-3.2	Information Services, Manufacturing, Professional, Scientific, and Technical Services
New Zealand	8,727	8,468	-3.0	Finance and Insurance, Nonbank Holding Companies, Manufacturing
Nigeria	6,277	7,857	25.2	Manufacturing, Mining, Information Services
Peru	5,527	7,609	37.7	Mining, Manufacturing, Wholesale Trade
Colombia	7,849	7,211	-8.1	Mining, Manufacturing, Information Services
Costa Rica	4,715	7,052	49.6	Manufacturing, Information Services, Wholesale Trade
South Africa	6,451	7,049	9.3	Manufacturing, Finance and Insurance, Professional, Scientific, and Technical Services
Russia	6,576	6,620	0.7	Manufacturing, Wholesale Trade, Professional, Scientific, and Technical Services
Türkiye	6,872	6,562	-4.5	Manufacturing, Wholesale Trade, Mining
Philippines	5,813	6,068	4.4	Manufacturing, Professional, Scientific, and Technical Services, Wholesale Trade
Qatar	6,566	5,445	-17.1	
Austria	5,320	5,424	2.0	Manufacturing, Nonbank Holding Companies, Professional, Scientific, and Technical Services
Panama	4,654	5,159	10.9	Nonbank Holding Companies, Wholesale Trade, Manufacturing
Czech Republic	4,921	4,499	-8.6	Manufacturing, Wholesale Trade, Finance and Insurance
Trinidad and Tobago	4,424	4,404	-0.5	
Vietnam	4,018	4,369	8.7	

U.S. FDI Abroad (Stock) for Select Trade Partners in Rank Order of FDI, 2023-2024 (latest data available) (Value in Millions of Dollars)				
Country	FDI Stock		Percent Change	Leading FDI Categories Reported
	2023	2024	2023-24	
Venezuela	3,746	4,011	7.1	Manufacturing, Nonbank Holding Companies, Depository Institutions
Oman	2,300	2,325	1.1	
Dominican Republic	2,127	2,103	-1.1	Manufacturing, Wholesale Trade, Nonbank Holding Companies
Romania	2,162	1,966	-9.1	
Greece	1,931	1,880	-2.6	Manufacturing, Wholesale Trade, Professional, Scientific, and Technical Services
Portugal	2,805	1,646	-41.3	Manufacturing, Professional, Scientific, and Technical Services, Wholesale Trade
El Salvador	1,212	1,606	32.5	
Macau	1,245	1,591	27.8	
Tanzania	1,424	1,448	1.7	
Honduras	1,399	1,403	0.3	Manufacturing, Wholesale Trade, Nonbank Holding Companies
Iraq	1,267	1,211	-4.4	
Iceland	1,182	1,195	1.1	
Ukraine	715	950	32.9	
Seychelles	898	918	2.2	
Algeria	1,365	753	-44.8	
Slovakia	592	632	6.8	
Azerbaijan	575	601	4.5	
Serbia	469	561	19.6	
Bulgaria	499	469	-6.0	
Bangladesh	504	461	-8.5	
Kuwait	728	446	-38.7	
Liechtenstein	332	362	9.0	
Morocco	319	328	2.8	
Lebanon	314	325	3.5	
Ecuador	860	324	-62.3	Finance and Insurance, Wholesale Trade, Manufacturing
Zimbabwe	280	301	7.5	
Jamaica	252	280	11.1	
Paraguay	44	273	520.5	
Malawi	197	267	35.5	
Pakistan	505	251	-50.3	
Lithuania	256	236	-7.8	
Sri Lanka	237	225	-5.1	
Bolivia	197	172	-12.7	
Kenya	203	163	-19.7	
Croatia	130	133	2.3	
European Union - 27	2,456,720	2,577,823	4.9	Nonbank Holding Companies, Manufacturing, Information Services

Source: U.S. Bureau of Economic Analysis, Balance of Payments and Direct Investment Position Data. U.S. Direct Investment Abroad, U.S. Direct Investment Position Abroad on a Historical-Cost Basis, by Country. U.S. Bureau of Economic Analysis, Balance of Payments and Direct Investment Position Data. U.S. Direct Investment Abroad, U.S. Direct Investment Position Abroad on a Historical-Cost Basis, by Country and Industry.

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