

HUSCHBLACKWELL

International Trade & Supply Chain Law

2025 Year in Review and Outlook for 2026



Introduction

The first year of the second Trump administration upended the landscape of international trade and supply chains around the world through both the breadth and magnitude of tariffs imposed and the aggressive legal theories used to justify unprecedented executive branch action.

One quarter of the way through the 21st century, the changes to international trade since the year 2000 have been breathtaking. More than any other single year, 2025 put an exclamation point on just how dramatically the United States has shifted from the trade liberalization consensus that prevailed at the turn of the century, when international trade first topped 50% of world GDP.

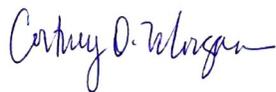
The Trump administration's actions in 2025 built on a longer-term theme of slowing globalization, driven by successive financial and sovereign debt crises, emergent geopolitical rivalries, rapid technological change, and the lingering perception of some that globalization is to blame for domestic economic insecurity. With the prosperity and security provided by the globalization of supply chains under threat by multiple forces, the Trump administration moved decisively towards deglobalization.

A dizzying array of new and quickly evolving tariffs created unprecedented uncertainty for U.S. importers. The uncertainty was compounded by a series of judicial rulings striking down the White House's use of the International Emergency Economic Powers Act

(IEEPA) as the basis for its broadly applied "reciprocal" tariffs—rulings that remain stayed pending a Supreme Court decision.

Critical developments at the intersection of transportation and supply chain management also occurred in 2025, including the federal push for autonomous vehicle innovation, major changes to maritime cybersecurity rules, and evolving legal standards affecting freight brokers, cargo liability, and port operations. New regulatory actions, court decisions, and persistent risks such as cargo theft are reshaping operational strategies and legal compliance for stakeholders across the logistics sector.

This year's annual report—our team's seventh—discusses major developments in international trade policy, regulation, and enforcement, including tariffs, trade remedies, customs and import enforcement, export controls and sanctions, transportation, and supply chain-related issues. Our hope is that the developments recounted here will assist you in responding to the continuing reconfiguration of global commerce and in planning proactively for the likelihood of further upheaval.



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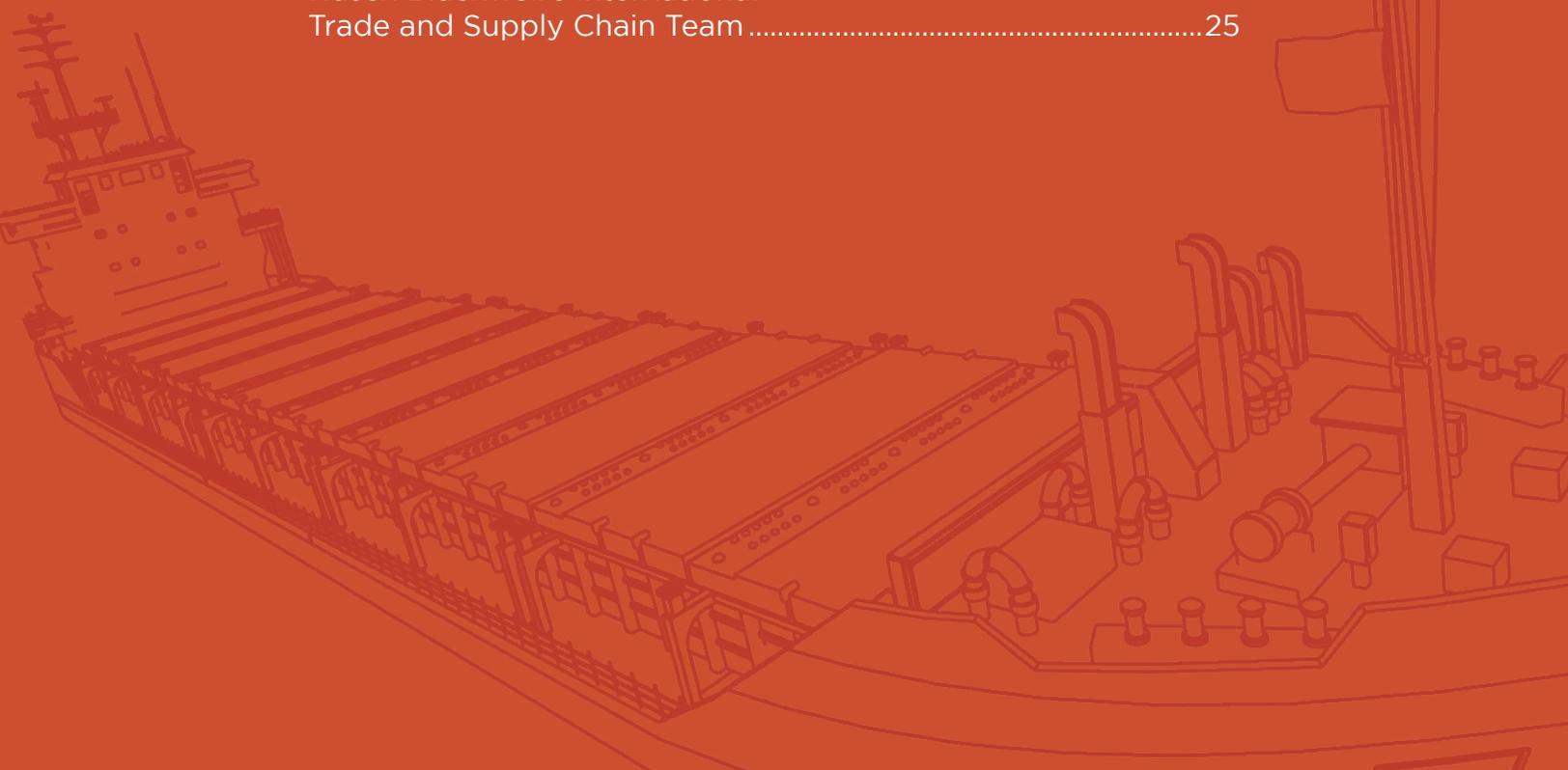
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Tariffs

Dramatically reshaping the trade landscape, the Trump administration relied on a novel interpretation of the International Emergency Economic Powers Act (IEEPA) and aggressive expansion of Section 232 authority to impose broad tariffs on nearly every trading partner.

IEEPA: FENTANYL TARIFFS AND RECIPROCAL TARIFFS

Section 203 of the International Economic Emergency Powers Act of 1977 authorizes the president to impose tariffs, sanctions, and other economic penalties on countries or items posing unusual and extraordinary threats to U.S. national security, foreign policy, or the U.S. economy. In the event of such emergency, IEEPA authorizes the president to regulate the importation of any property in which “any country or foreign national thereof has an interest.” Before 2025, no president had invoked IEEPA in an executive order relating to tariffs.

“Fentanyl Tariffs” on Canada, Mexico, and China

On February 1, President Trump signed three executive orders under IEEPA Section 1702(a)(1)(B), declaring a national emergency due to increased immigration and fentanyl flows into the United States, and thereby imposing additional tariffs on goods from Canada, Mexico, and China (referred to as IEEPA Fentanyl tariffs).

The orders announced 25% tariffs on all goods from Canada and Mexico, with the exception of Canadian oil imports, on which the tariff was set at 10%. Concurrently, the president imposed a 10% tariff on goods from China. The IEEPA Fentanyl tariffs were to take effect on February 4 and were to be charged in addition to any other duties already in place.

Defending the decision, President Trump stated on February 2: “The USA has major deficits with Canada, Mexico, and China (and almost all countries!), owes 36 Trillion Dollars, and we’re not going to be the ‘Stupid Country’ any longer.” This statement provided ammunition for skeptics who argued that the true motivation was the trade deficit—not the declared national emergency.

The factual basis for the threat was also questioned, as reports indicated that the total amount of fentanyl seized at the Canadian border in recent years was minimal. In addition, commentators raised

questions about whether the tariffs could inadvertently push companies to relocate manufacturing facilities—possibly even to China—to find more favorable tariff rates.

Retaliatory Threats

Canadian retaliation followed swiftly, with the government announcing immediate 25% tariffs on all U.S.-origin imports, covering an initial CAD 30 billion of U.S. goods, with the threat to expand by an additional CAD 125 billion. Prime Minister Justin Trudeau stated that the tariffs would remain in place until the U.S. eliminated its tariffs against Canada. Moreover, Canadian provinces Ontario and British Columbia announced non-tariff measures such as removing U.S.-origin liquor from government stores.

Mexican President Claudia Sheinbaum announced that she had instructed the Secretary of Economy to implement a plan that included both tariff and non-tariff measures to defend Mexico’s interests. Similarly, China’s Ministry of Commerce declared its intent to file a lawsuit with the World Trade Organization and take corresponding countermeasures to safeguard its rights and interests.

“Reciprocal Tariffs” on Most Countries

The White House substantially expanded its IEEPA-based tariffs in a sweeping April 2 executive order that established a near-universal tariff regime. Branded by the White House as a “reciprocal” measure, the order imposed a 10% universal tariff on imports, with certain exceptions, effective April 5 (referred to as IEEPA Reciprocal tariffs). The tariff rates were designed to increase on a country-specific basis for nations with which the United States had significant trade-in-goods deficits, with these higher rates taking effect on April 9. The previous 10% IEEPA duty rate on China was set to increase to 34%. For Mexico and Canada, prior IEEPA Fentanyl tariffs on non-USMCA-qualifying goods remained at 25%, but the order stipulated that if those tariffs were revoked, the goods would become subject to a 12% ad valorem duty.

A key feature of the tariff proclamation was a provision that the duties would only apply to the non-U.S. content of an article, provided that at least 20% of its value was U.S.-originating. This created a complex compliance challenge for importers needing to document and verify the U.S. content of their products to the satisfaction of U.S. Customs and Border Protection (CBP).

The April 2 order included a list of exempted goods, including articles subject to Section 232 duties on steel, aluminum, and automobiles, as well as other products like pharmaceuticals, semiconductors, and

certain critical minerals. On April 12, the administration expanded this list of exemptions to include specific categories of electronic goods, such as smartphones, computers, and chips. The exemptions were made retroactive to April 5, and CBP issued guidance for importers to request refunds on duties paid for these newly exempted products.

Deals and De-escalation

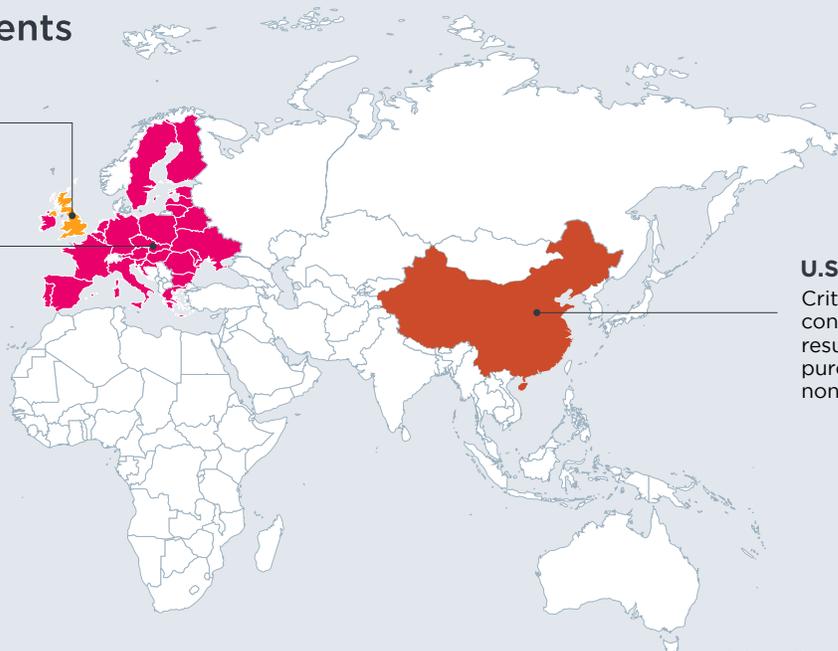
Talks between President Trump and Prime Minister Keir Starmer led to the May 8 announcement of the “United States-U.K. Economic Prosperity Deal.” Taking effect on June 30, this deal established new terms for trade in sectors including automobiles, auto parts, and civil aircraft. The agreement imposed a tariff-rate quota (TRQ) for passenger vehicles imported from the U.K., limiting the annual volume to 100,000 units starting in 2026. U.K. auto parts became subject to a 10% tariff but were exempted from the broader IEEPA Reciprocal tariffs. In addition, the deal granted duty-free treatment to U.K.-origin civil aircraft products, including engines and parts. That exemption pertained to both IEEPA Reciprocal and Section 232 tariffs.

On May 11, the U.S. and China announced a temporary de-escalation in their trade friction. The two nations agreed to a mutual, 90-day reduction of the steep reciprocal tariffs imposed in April. The U.S. suspended a portion of its tariffs on Chinese goods, lowering the

Trade Commitments

U.S. - U.K. 
TRQ for 100,000 vehicles;
duty-free aircraft products

U.S. - EU 
\$750 billion in U.S.
energy purchases and
\$600 billion in EU
investments by 2028



U.S. - China 
Critical mineral export
controls suspended;
resumption of agricultural
purchases; withdrawal of
non-tariff measures.

additional ad valorem rate for all imports from China (including Hong Kong and Macau) from 125% to 34%. The U.S. agreed further to suspend 24 percentage points of that 34% rate for 90 days, thereby retaining a net 10% duty rate on imports from China. China matched the 10% rate on the U.S. goods covered by the arrangement and agreed to remove a range of its non-tariff countermeasures. The agreement, which took effect May 14, was designed to create a window for further discussions, though all other duties, including Section 301 and Section 232 tariffs, remained in place.

The administration also reached an agreement with the European Union, announced on July 27. The agreement called for the U.S. to impose a new 15% tariff on all EU goods, including key products like pharmaceuticals and semiconductors. Existing sectoral tariffs on steel, aluminum, and copper were set to remain at their 50% rate. As part of the deal, the EU committed to purchasing \$750 billion in U.S. energy and making \$600 billion in new investments into the U.S. by 2028.

New Tariffs on Brazil and India

But just as the Trump administration was de-escalating with some trade partners, the White House used IEEPA to target other countries with newly increased tariffs. On July 30, President Trump issued an executive order invoking IEEPA to impose a 40% ad valorem rate on certain products from Brazil. This rate was to be applied in addition to the 10% tariff rate that had been in place since the April 2 executive order. The White House imposed an additional 25% tariff on goods from India, effective August 27, in response to India's imports of Russian oil. This tariff was stacked on top of the existing 25% IEEPA Reciprocal tariff.

November Pull-Back

On November 1, the White House announced a "Deal on Economic and Trade Relations with China." The Chinese government committed to suspend recently imposed export controls on critical minerals (including rare-earth elements, gallium, germanium, and graphite), halt the flow of fentanyl-precursor chemicals to the United States, resume large-scale purchases of U.S. agricultural products, and withdraw a range of non-tariff retaliatory measures affecting U.S. companies. The Trump administration reduced the rate of IEEPA Fentanyl tariffs on China from 20% to 10%, effective November 10. Additionally, the heightened 34% reciprocal tariff rate on China was suspended until November 10, 2026, keeping the reciprocal tariff rate at 10%.

Similarly, on November 20, the White House modified the scope of IEEPA Reciprocal tariffs on Brazil. An executive order exempted certain agricultural products, such as tropical fruits and açai, from the 40% additional duty that the White House had imposed in July. The exemptions, which were applied retroactively, recognized progress in ongoing negotiations and aimed to ease pressure on sectors where reciprocal trade benefits were emerging.

These adjustments reflect the fluid and, at times, erratic nature of the administration's tariff policies, which often serve as a tool for leverage in broader geopolitical and economic discussions.



Legal Challenges to IEEPA Tariffs

The Trump administration's aggressive use of IEEPA to impose tariffs quickly faced significant legal opposition, escalating to the U.S. Supreme Court. The challenges center on whether IEEPA grants the president authority to impose tariffs unilaterally, given that the Constitution assigns the tariff power to Congress.

On May 28, a three-judge panel of the U.S. Court of International Trade (CIT) unanimously declared the administration's IEEPA tariffs unlawful. In *V.O.S. Selections, Inc. v. Trump*, the CIT held that the statute does not provide unlimited tariff authority and that the president had exceeded the powers delegated by Congress. The court found that the IEEPA Reciprocal tariffs imposed to address trade deficits should have been governed by the more limited authority of the Trade Act of 1974. It also ruled that the IEEPA Fentanyl tariffs lacked a direct link to the declared national emergency.

The government immediately appealed and was granted a stay of the CIT's permanent injunction. In an August 29 en banc decision, the U.S. Court of Appeals for the Federal Circuit upheld the CIT's ruling by a 7-to-4 majority.

The Supreme Court agreed to hear the case on an expedited basis, and oral argument was held on November 5. The outcome will have profound implications for presidential authority in trade matters and could determine whether billions of dollars in collected duties will be refunded to importers.

SECTION 232 TARIFF ACTIONS

Section 232 of the Trade Expansion Act of 1962 authorizes the president to impose tariffs, sanctions, and other economic penalties on countries or items posing unusual and extraordinary threats to U.S. national security. Through a rapid succession of presidential Proclamations and associated executive actions, the Section 232 national security provisions evolved in 2025 from a relatively contained tariff structure into a broad and dynamic system comprising the entire steel- and aluminum-dependent manufacturing ecosystem as well as a host of new investigations on a wide range of market sectors—among them autos and auto parts, commercial aircraft and jet engines, copper, pharmaceuticals, robotics and industrial machinery.

The Trump administration’s application of Section 232 in 2025 marked a meaningful strategic shift. The White House now views the statute not merely as a means of protecting primary metal industries, but as an instrument for reinforcing the larger value chains that depend on steel and aluminum. By expanding coverage, increasing rates as high as 50%, and establishing the inclusion request system, the administration has signaled its intent to use Section 232 as a long-term tool for industrial policy.

Companies that import goods covered by Section 232—or with the potential to land on an expanded, ever-evolving annex of covered items—must now treat Section 232 compliance as a core operational priority and a tariff vehicle that the administration will only continue to rely on.

February Proclamations of 25% Tariffs

On February 10, President Trump issued Proclamations imposing 25% Section 232 tariffs on all imported steel and aluminum. These Proclamations simultaneously revoked all prior country-specific exemptions and product-specific exclusions, including long-standing relief mechanisms such as the General Approved Exclusions (GAEs).

Imported steel and aluminum from many sources had already been subject to Section 232 tariffs of 25% and 10%, respectively. However, Canada, Mexico, and Australia had secured exemptions from those tariffs during President Trump’s first term, and the first Trump administration had granted countries such as Argentina, Brazil, and Korea hard quotas for steel imports in lieu of tariffs. The European Union, the United Kingdom, and Japan had secured tariff-rate quota (TRQ) regimes under the Biden Administration that allowed in-quota amounts to enter free of Section 232 duties.

The White House emphasized that such exemptions had diluted the protective effect originally intended under Section 232, arguing that gaps in coverage created incentives for circumvention, distortions in sourcing patterns, and vulnerabilities in domestic industrial capacity. By eliminating carve-outs, the administration signaled a shift towards a more universal tariff structure.

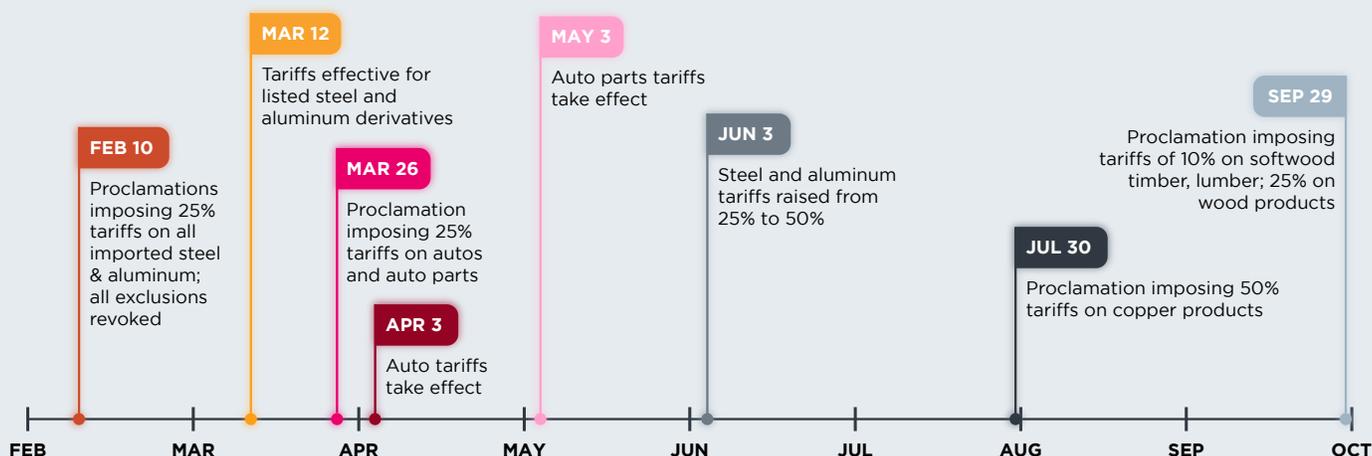
Application of Tariffs to Derivative Products

The Proclamations additionally imposed Section 232 duties on downstream “derivative” products. The additional derivative products were identified by Harmonized Tariff Schedule of the United States (HTSUS) code. For derivative products not classified as Chapter 73 steel articles or Chapter 76 aluminum articles, the duty was to apply only to the steel or aluminum content of the item. Tariffs on derivative products took effect on March 12.

The list of derivative products subject to tariffs continued to evolve. For example, on June 12, 11 new HTSUS subheadings were added to the list of derivative products subject to Section 232 steel tariffs, including refrigerators, ranges, washers and dryers, dishwashers, and other common home goods. Effective June 28, CBP instructed importers of derivative products incorporating aluminum to report the country of smelt and cast as “unknown” if that information was not available. Such imports were to be assessed the prohibitive 200% Section 232 duty rate applicable to Russian-origin aluminum.

Meanwhile the Commerce Department’s Bureau of Industry and Security (BIS) established a process to accept requests for additional products to be added to

IEEPA Tariff Actions



the list of steel and aluminum derivatives subject to Section 232. Requests will be accepted at the beginning of January, May, and September each year. This structure effectively institutionalizes Section 232 expansion as an ongoing administrative activity rather than an occasional policy intervention.

Autos and Auto Parts Tariffs

On March 26, President Trump issued a Proclamation imposing 25% tariffs on automobiles and automobile parts, invoking Section 232 and also Section 301 of the Trade Act of 1974. Section 301 allows for the United States Trade Representative (USTR) to investigate and respond to unfair trade practices of foreign countries, including through imposition of tariffs.

The Proclamation established a two-step test for automobiles to be partially exempt from the new tariffs based on their qualification under the United States-Mexico-Canada Agreement (USMCA) and the amount of U.S. content in each model. For automobile parts, the tariffs would not apply to those qualifying for preferential treatment under the USMCA until a process was established to apply the tariff exclusively to the value of the non-U.S. content.

On April 2, the White House published an annex identifying automobiles and automobile parts subject to the 25% tariffs. Goods subject to these tariffs were not additionally subject to Section 232 tariffs on metals such as steel and aluminum. The tariff on passenger vehicles and light trucks took effect on April 3; listed auto parts became subject to the tariff on May 3.

President Trump issued a Proclamation on June 3 increasing the Section 232 duties on imports of aluminum and steel from 25% to 50%. The Proclamation stated that the previously imposed steel and aluminum tariffs “have not yet enabled these industries to develop and maintain the rates of capacity production utilization that are necessary for the industries’ sustained health and for projected national defense needs.”

New Section 232 Investigations

In addition to the various White House Proclamations of Section 232 tariffs, the administration initiated several new Section 232 investigations in 2025. The Department of Commerce opened Section 232 reviews of imports of pharmaceuticals and semiconductors on April 1. President Trump signed an executive order on April 15 instructing Commerce to begin a Section 232 probe into processed critical minerals, rare-earth elements, and their derivative products, citing risks to the defense industrial base and broader supply-chain dependence. On April 22, Commerce initiated a Section 232 investigation into imports of medium- and heavy-duty trucks and truck parts (engines, drivetrains, transmissions, electrical components) and related derivative products. On May 1, Commerce initiated a Section 232 investigation into imports of commercial aircraft and jet engines. On September 2, Commerce initiated a Section 232 investigation into imports of robotics and industrial machinery.



Tariffs on Copper Products, Timber, Lumber, and Wood Products

On July 30, President Trump issued a Proclamation announcing the imposition of a 50% Section 232 tariff on “all imports of semi-finished copper products and intensive copper derivative products,” as set forth in the relevant annex, as of August 1.

The president issued a Proclamation on September 29 regarding Section 232 tariffs on softwood timber and lumber, upholstered wooden furniture, kitchen cabinets, and vanities. As of October 14, imports of softwood timber and lumber faced a 10% ad valorem duty. Meanwhile, upholstered wooden furniture, kitchen cabinets, and vanities faced a 25% duty as of that date, with increases projected to be imposed on January 1, 2026 unless the United States reached agreements with exporting countries.

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SECTION 301 TARIFFS

Section 301 of the Trade Act of 1974 allows the president to respond to foreign trade practices disadvantaging the United States. These practices include violating Free Trade Agreements (FTAs), unjustifiable or unreasonable discrimination against U.S. goods, and anything that unnecessarily burdens or restricts U.S. commerce. The president has the power to respond to such practices by imposing tariffs, revoking an FTA, or reaching an agreement with the offending country to stop the unfair conduct.

On January 21, in the context of a Section 301 investigation on “China’s Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance,” USTR proposed new fees on Chinese container ships calling at U.S. ports. The original proposal called for vessels operated by Chinese ship operators to be charged \$1 million per U.S. port call; Chinese-built vessels were to face a \$1.5 million fee. Operators with vessels on order from Chinese shipyards would incur a service fee on each U.S. port call, regardless of their nationality or vessel flag. In a bid to boost the domestic maritime industry, the USTR also proposed that a percentage of all U.S. ocean exports be required to be carried in U.S.-flag vessels, starting at 1% and stepping up to 15% within seven years.

The final action adopted by USTR on April 17 imposed less onerous fees based on net tonnage or container count, not the initially contemplated \$1 million flat fee. It also set a 180-day grace period before fees would be collected. The final action included multiple exemptions for certain categories of U.S. owners and categories of Chinese-built vessels. It did not implement the proposed restrictions on U.S. exports.

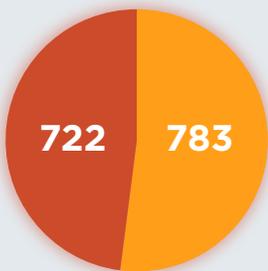
Why Section 232 Matters for Supply Chains in 2025

- Tariffs now apply not only to raw metals but also value-chain goods like appliances, autos, and mixed-material imports.
- 50% duty rates now reshape landed costs.
- Recurring inclusion request cycles mean that coverage continues to expand —companies must monitor updates continuously.
- Supply chains built around pre-2025 exclusions may now face sudden tariff exposure.

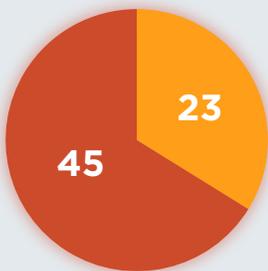
Year-over-Year Comparison of New Petitions for AD/CVD investigations Filed

■ 2025 ■ 2024

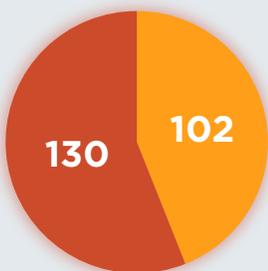
AD/CVD Orders Administered



AD/CVD Orders Imposed



Investigations Being Conducted



Trade Remedies

Antidumping and countervailing duties continued to be an integral part of U.S. trade policy in 2025, with robust enforcement by CBP and the Department of Commerce.

AD/CVD

Section 731 of the Tariff Act of 1930 authorizes the U.S. Department of Commerce to impose antidumping duties (AD) when foreign goods are sold in the U.S. at less than fair value, materially injuring a U.S. domestic industry. Section 701 authorizes Commerce to impose countervailing duties (CVD) when a foreign government injures a U.S. industry by providing subsidies to its producers or exporters.

In 2025, Commerce administered approximately 783 AD/CVD orders. Commerce issued at least 23 final determinations in 2025 and was conducting 102 investigations as of December.

At least 17 new petitions for AD/CVD investigations were filed. These covered a broad range of industries, but industrial materials and equipment were most prominent. More than half of the petitions cited China; a quarter targeted Vietnam.

Representing the sole producer of chromium trioxide in the United States, Husch Blackwell’s International Trade Team brought a petition on September 29, 2025, seeking relief against imports of chromium trioxide from India and Turkey. These cases aim to ensure that chromium trioxide production in the United States continues to service multiple critical sectors—including wood preservation, metal finishing, catalysts, ceramics, plastics, pigments, and certain defense items.

Enforce and Protect Act (“EAPA”)

The Enforce and Protect Act of 2015 (EAPA), codified at Section 517 of the Tariff Act of 1930, creates a process for CBP to investigate and penalize evasion of AD/CVD duties. EAPA cases are CBP-led investigations into whether importers are illegally evading antidumping or countervailing duties—often through transshipment, improper country of origin, misclassification, undervaluation, or other customs fraud techniques.

In 2025, CBP issued at least 17 EAPA Notices of Investigation and 18 Notices of Determination as to Evasion. In an August 15 press release, the agency stated that between January 20 and August 8, it had uncovered more than \$400 million in unpaid trade duties through EAPA investigations and had identified 89 cases with reasonable suspicion of duty evasion.

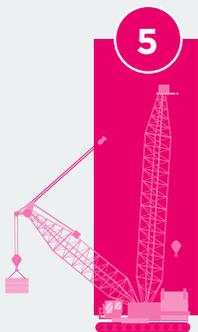
Circumvention Enforcement

Section 781 of the Tariff Act of 1930 empowers Commerce to investigate whether foreign exporters are circumventing duties through methods such as minor alterations to a product or by finishing assembly in the U.S. or in a third country. Where Commerce finds circumvention, the relevant AD/CVD order’s coverage is expanded to include the circumventing merchandise.

As of December 2025, Commerce was conducting 98 unique circumvention inquiries on imports from various countries. These circumvention inquiries focus on all three areas of concern: (a) later development merchandise; (b) third country transshipment; and (c) further processing or completion occurring in the United States after importation.

Commerce will continue to enforce AD/CVD orders through an increased use of the circumvention provisions of the law in order to ensure compliance. This focus on enforcement and the use of circumvention as an additional tool for trade remedies has been on the uptick for over a decade and continues to be a priority initiative for Commerce. Importers of goods that are potentially subject to AD/CVD duties should conduct due diligence in advance to avoid becoming entangled in a circumvention inquiry that may result in retroactively imposed duties.

New Petitions for AD/CVD investigations filed



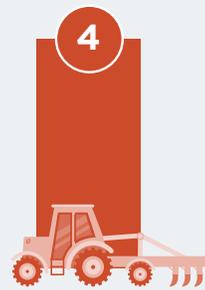
CONSTRUCTION & BUILDING MATERIALS

- Temporary steel fencing
- Fiberglass door panels
- Plywood
- Rebar
- Cranes



INDUSTRIAL MATERIALS

- Silicon metal
- Polypropylene boxes
- MDI
- Palladium
- High dissolving pulp



AGRICULTURE & FOOD

- L-lysine
- Oleoresin paprika
- Fresh mushrooms
- Winter strawberries



AUTOMOTIVE & TRANSPORTATION

- Chassis
- Freight rail parts
- Van-type trailers

Customs and Import Enforcement

The Department of Justice signaled its intent to devote dedicated prosecutorial resources to trade, tariff, and customs fraud, heightening risk for importers evading customs duties and tariffs.

A series of announcements in 2025 put importers on notice that they faced heightened risk for noncompliance, even if inadvertent. Elimination of the de minimis exemption for low-value imports expanded the universe of shipments subject to enforcement.

REORGANIZED DOJ RESOURCES

Prioritizing Trade Fraud

On May 12th, the Department of Justice’s (DOJ) Criminal Division announced a plan to implement new white-collar and corporate enforcement priorities, with “trade and customs fraud, including tariff evasion” as one area that prosecutors would “prioritize investigating and prosecuting.” In addition to designating these crimes as a priority, DOJ updated its corporate whistleblower awards pilot program to include trade, tariff, and customs fraud as misconduct that whistleblowers would be financially incentivized to report.

DOJ announced on July 10 that personnel from the Civil Division’s consumer protection branch would join together with the Criminal Division’s market integrity and major frauds unit to create a new Market, Government, and Consumer Fraud Unit focusing on trade fraud cases.

Interagency Trade Fraud Task Force

On August 29, DOJ launched a new “Trade Fraud Task Force”, which was to leverage resources from DOJ’s Civil and Criminal Divisions, as well as the Department of Homeland Security (DHS), to enforce tariff and duties evasion, smuggling, and other import violations. In its announcement, DOJ “welcomed” the assistance of whistleblowers who may come forward with information about fraud schemes and import violations.

DOJ’s decision to devote resources from the Criminal Division to this task force signaled an appetite to pursue significant penalties—both monetary and, in some cases, potential prison time—for trade fraud. DOJ has indicated that the new unit will prosecute trade violations under the Tariff Act of 1930, the False Claims Act (FCA), and Title 18’s trade fraud and conspiracy provisions. The International Emergency Economic Powers Act (IEEPA) also allows the government to seek criminal sanctions for trade fraud and tariff evasion.

The government’s enforcement and task force announcements make clear that trade, customs fraud, and tariff evasion will remain a high enforcement priority under this administration, backed by meaningful resources.

EXPANDED FALSE CLAIMS ACT ENFORCEMENT

In 2025, DOJ announced multi-million-dollar settlements with various importers alleged to have evaded customs duties by misrepresenting country of origin or product details on customs forms, in violation of the FCA. In one case, two subsidiary companies agreed to pay \$6.8 million to resolve their civil liability under the FCA for “knowingly failing to pay customs duties on certain plastic resin” imported from China. In another, a company agreed to pay \$4.9 million to resolve allegations of FCA violations related to “evading antidumping and countervailing duties (AD/CVD) on items made of extruded aluminum” originating from China.

Additionally, a decision from the Ninth Circuit Court of Appeals served as a reminder that private individuals acting as relators may file civil claims under the FCA to recover damages, including

Compliance Program Checklist

- ✓ **Internal Controls:**
To assess, correct, and self-disclose any problems before they escalate.
- ✓ **Employee Training:**
To assess, correct, and self-disclose any problems before they escalate.
- ✓ **Whistleblower Channels:**
Fostering a culture that encourages employees to report concerns internally through accessible and confidential mechanisms.
- ✓ **Auditing & Monitoring:**
To identify compliance gaps and areas for improvement.
- ✓ **Management Support:**
To promote compliance as a core value.
- ✓ **Remediation Process:**
For investigating, correcting, and documenting any issues that arise.
- ✓ **Recordkeeping:**
To demonstrate due diligence and compliance in case of an audit or inquiry.

potential treble damages, for an importer's false statements to the U.S. government in connection with tariff evasion. On June 23, in *Island Industries v. Sigma Corp.*, the Ninth Circuit upheld a jury's finding that an importer of welded pipe fittings was liable under the FCA for failing to pay antidumping duties. The court affirmed a trebled damages award of over \$32 million.

Risk of FCA liability extends beyond the importer of record to any party that assists in making a false claim to the government. For businesses navigating the complex tariff landscape, robust compliance programs and accurate customs declarations are critical to mitigating the substantial financial risks of an FCA action.

ELIMINATION OF THE DE MINIMIS EXEMPTION

In a move with far-reaching implications for e-commerce retailers and other importers of low-value shipments, the Trump administration eliminated the exemption from duties previously applicable to goods worth less than \$800 that were imported by businesses and corporate entities.

On July 30, President Trump issued an executive order suspending the duty-free de minimis treatment for imports from all countries, citing national emergencies related to illicit drug trafficking and trade deficits. The administration had previously suspended duty-free de minimis treatment for Mexico, Canada, and China/Hong Kong, based on the declared national emergencies related to fentanyl and illicit drug trafficking. However, that initial suspension was paused pending development of a process to collect duties for such articles.

As of August 29, shipments from all foreign countries became subject to "all applicable duties, taxes, fees, exactions, and charges," with an Automated Commercial Environment (ACE) filing required for each shipment. The duties assessed were to be based on the effective IEEPA tariff rate applicable to the country of origin. For the first six months, importers would have the option to pay the tariff rate on an ad valorem basis or to pay a flat fee, ranging from \$80 to \$200 depending on the country of origin. After the six-month transition period, ad valorem tariffs were to be paid on all shipments.

Export Controls and Trade Sanctions

As geopolitical rivalries evolve, the U.S. government has sought to maintain tighter controls on exports to—as well as outbound investment in—certain countries, with notable consequences for corporate compliance efforts.

The second Trump administration has exhibited a preference for tariffs as its primary trade enforcement tool, rather than export controls or sanctions. Nevertheless, the U.S. government made several important changes to the export controls and trade sanctions landscape in 2025 to address the need to control the export of strategic goods to, and investment in, countries at odds with U.S. foreign policy goals.

ADDITIONS TO THE BIS ENTITY LIST

The Department of Commerce’s Bureau of Industry and Security (BIS) continued to restrict foreign companies from accessing U.S.-origin technology by adding new firms to its Entity List, though not in nearly the same volume as in prior years. Under the Trump Administration, BIS added over 100 entities in China, with additional entities added from India, Iran, Pakistan, Singapore, Taiwan, Turkey, and the United Arab Emirates. Most additions in China, including Chinese semiconductor companies, were cited for their roles in modernizing and advancing China’s military and other technological efforts, while other companies were listed for diverting U.S.-origin items to Russia and Iran. Listed entities will generally be prohibited from receiving U.S.-origin items and technology without a license from BIS.

NEW BIS AFFILIATES RULE

Effort to Close Loopholes

BIS introduced a new “Affiliates Rule,” in what initially seemed a significant change. Effective September 29, this interim final rule automatically extended Entity List export licensing requirements under the EAR to any entity that was at least 50% owned by one or more entities named on the Entity List. BIS stated that this rule was intended to close prior listing loopholes used by foreign actors for diversionary and circumvention tactics.

The Affiliates Rule applied similar restrictions to entities at least 50% owned by parties listed on the EAR’s Military End User List (MEU List) or the Specially Designated Nationals and Blocked Persons List (SDN List) maintained by the U.S. Treasury Department’s Office of Foreign Assets Control (OFAC). OFAC already had in place a similar 50% rule in relation to entities owned 50% or more, directly or indirectly, individually or in aggregate, by one or more persons listed on the SDN List.

The Affiliates Rule also added a new Red Flag 29 to the EAR. This required exporters, re-exporters and transferors to obtain licensing from BIS when they have “reasonable knowledge” that a party to their transaction has one or more owners listed on the Entity List or MEU List but cannot determine the percentage of ownership.

Sudden Reversal

However, in a surprising change of course, BIS suspended the Affiliates Rule after less than two months. This suspension, which began on November 10, was part of a broader “Deal on Economic and Trade Relations with China” announced by the Trump administration. The rule is suspended until November 9, 2026. In the interim, BIS will continue to evaluate national security interests, and it remains possible that subsidiaries of listed entities could be individually added to the Entity or MEU lists.

The rapid introduction, and subsequent suspension, of the Affiliates Rule highlights the influence of high-level diplomatic negotiations on trade policy implementation. Businesses must remain vigilant, as the complex interplay between sanctions, entity listings, and broader geopolitical strategies continues to shape the global trade landscape.

U.S. ELIMINATES COMPREHENSIVE SANCTIONS ON SYRIA AND ROLLS BACK EXPORT CONTROLS

U.S. Sanctions

On June 30, 2025, President Trump terminated the national emergencies which served as the basis for most sanctions on Syria. This termination lifted the U.S.’s comprehensive sanctions on Syria. As a result, there are no longer any broad prohibitions on the types of activities U.S. persons can engage in with respect to Syria and/or the Government of Syria. Some entities and individuals remain designated by OFAC as Specially Designated Nationals (“SDNs”). The U.S. has stated these are designed to target “the worst of the worst” and include former Syrian president Bashar al-Assad and his associates, human rights abusers, Captagon drug traffickers, and other destabilizing regional actors.

U.S. Export Controls

The Bureau of Industry and Security (“BIS”) issued a final rule, effective September 2, 2025, easing the export controls on Syria. The final rule added new or expanded license exception eligibility for exports and reexports to Syria and adopted more permissive license review policies for exports and reexports to Syria. Specifically, BIS created a new License Exception Syria Peace and Prosperity (“SPP”) that authorizes exports and reexports to Syria of all items designated EAR99, provided the items are not exported for any prohibited end uses (such as those in EAR § 740.2 or EAR Part 744) or to prohibited end users (such as SDNs and those designated on BIS’s Entity List).

Syria is now an eligible destination for exports under License Exception Consumer Communications Devices (“CCD”) under EAR § 740.19(a), (b), and (c), provided that all applicable conditions are met. Additionally, Syria is now an eligible destination for the following License Exceptions:

- License Exception Temporary Imports, Exports, Reexports, and Transfers (in-country) (“TMP”) for certain technology pursuant to EAR § 740.9(a)(3), shipping containers pursuant to EAR § 740.9(a)(7), and certain exports to a U.S. person’s foreign subsidiary or affiliate abroad pursuant to EAR § 740.9(a)(10).
- License Exception Servicing and Replacement of Parts and Equipment (“RPL”) pursuant to EAR § 740.10(a), except for exports of items on the Commerce Control List (“CCL”) to the Syrian police, military, or intelligence end users or end uses.
- License Exception Technology and Software—Unrestricted (“TSU”) for copies of technology previously authorized for export to the same recipient pursuant to EAR § 740.13(g).

In instances where a License Exception is not available, BIS has adopted a more permissive license review policy for:

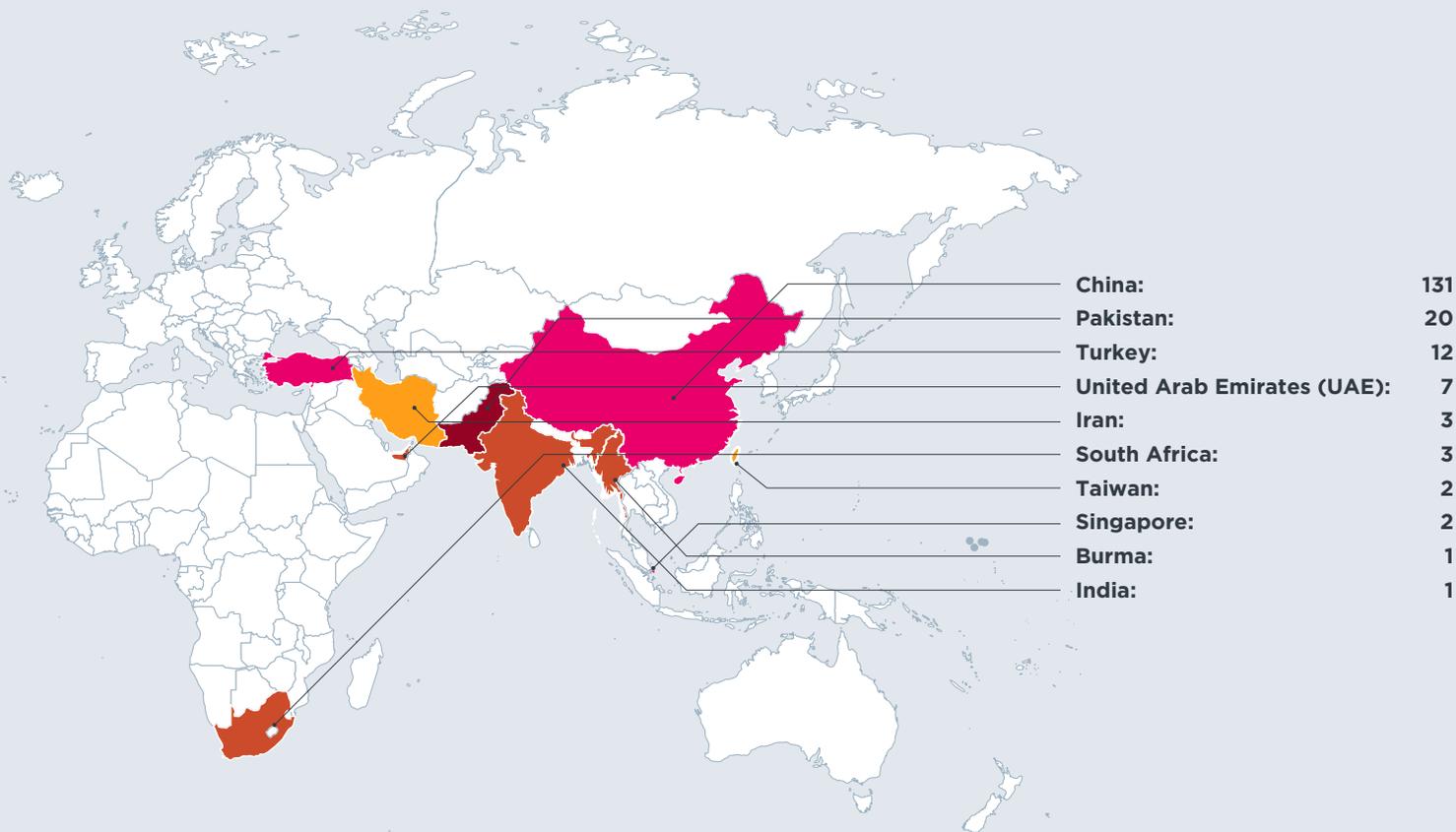
- **Applications reviewed under a presumption of approval:** Items on the CCL that will support economic and business development in Syria or that support the Syrian people, including through the improvement or maintenance of telecommunications, water supply and sanitation, power generation, aviation, or other civil services that support peace and prosperity.
- **Applications reviewed on a case-by-case basis:** Items on the CCL that could contribute to the military potential of Syria or the ability of Syria to support acts of international terrorism. BIS will also notify Congress of such applications 30 days prior to issuance of a license.

OFAC RUSSIA ENERGY SANCTIONS

Alongside BIS actions, OFAC intensified pressure on Russia’s energy sector. On October 22, OFAC imposed full blocking sanctions on Russian oil giants PJSC Lukoil Oil Company and PJSC Rosneft Oil Company, along with over two dozen subsidiaries. This move upgraded previous, more limited sectoral sanctions to comprehensive blocking sanctions, prohibiting U.S. persons from all transactions with these entities. OFAC cited Russia’s lack of commitment to a peace process in Ukraine as the reason for the designation.

Importantly, these sanctions also trigger secondary sanctions risk for non-U.S. persons and foreign financial institutions who provide “material assistance” or conduct or facilitate certain “significant transactions” for persons and entities designated. To mitigate initial disruption, OFAC issued several general licenses authorizing wind-down activities.

New BIS Entity List Additions from September 12, 2025



Transportation and Supply Chain

The Trump Administration sought to boost domestic development of autonomous vehicles, new demurrage and detention rules were partially vacated, and U.S. vessels adjusted to a major shift in maritime cybersecurity requirements.

AUTONOMOUS VEHICLES

On April 24, Secretary Sean Duffy announced a new Automated Vehicle Framework as part of a broader Department of Transportation agenda to foster American transportation innovation and create a unified national standard for autonomous vehicles (AVs). The Framework included three core principles: prioritize safety, unleash innovation, and enable commercial deployment.

Announced in conjunction with the Framework was the expansion of the Part 591 exemption program to cover U.S.-made AVs. This program previously granted an exemption from certain Federal Motor Vehicle Safety Standards (FMVSS) only to foreign-made AV prototypes imported for research or demonstration. On August 6, the National Highway Traffic Safety Administration (NHTSA) granted an exemption to Amazon's Zoox Inc., thereby allowing the company to deploy on public roads its U.S.-manufactured robotaxis—which have neither steering wheels nor pedals—for research and demonstration purposes.

NHTSA closed its high-profile investigation into Waymo on July 25 after more than a year of examining a series of robotaxi incidents. The agency ultimately found no systemic safety defects, emphasizing that Waymo's recalls, software updates, and extensive data cooperation were key factors in resolving the probe. For stakeholders in the AV sector, the outcome highlighted the value regulators place on rapid incident response, open communication, and robust safety management systems.

At the state level, California regulators proposed rules on April 25 to allow both passenger and heavy-duty AVs (including trucks) on public roads. Legislators in

at least 25 states proposed bills related to AV regulation in 2025. At least 43 states have enacted or will enact AV legislation.

MARITIME DEVELOPMENTS

Detention and Demurrage Billing

On September 23, the U.S. Court of Appeals for the D.C. Circuit vacated a key provision of the Federal Maritime Commission's (FMC) 2024 Final Rule on detention and demurrage billing practices. The court determined that the FMC acted arbitrarily and capriciously by excluding motor carriers from the list of parties eligible to be billed for late container charges, even though motor carriers often have direct contractual relationships with ocean carriers under carrier haulage agreements.

The FMC's rule aimed to prohibit ocean carriers from forcing truckers to pay detention and demurrage fees for shipments when truckers may not know the terms. However, the court found contradictions in the rule because it allowed billing of consignees who may not have a contract with the carrier, while excluding truckers who frequently do. The court concluded that the FMC failed to justify this inconsistency and vacated the provision that limited who could be billed.

With the rule now partially vacated, ocean carriers can resume billing truckers directly under carrier haulage agreements, underscoring the need for clear contractual protection and billing protocols to ensure agreements unambiguously define who must pay detention and demurrage charges.

Coast Guard Maritime Cybersecurity Rule

In a major shift in maritime cybersecurity, the U.S. Coast Guard's final rule on Cybersecurity in the Marine Transportation System took effect on July 16. Codified at 33 C.F.R. § 101.600 et seq., the rule established mandatory cybersecurity standards for U.S.-flagged vessels, offshore facilities, and facilities regulated under the Maritime Transportation Security Act of 2002.

The rule, to be phased in over a three-year period, requires development and maintenance of a formal Cybersecurity Plan and a Cyber Incident Response Plan, as well as designation of a Cybersecurity Officer. A requirement that all "reportable cyber incidents" be reported to the U.S. National Response Center (NRC) took effect immediately. By January 2026, the rule requires that all personnel (including contractors) with access to information technology or operational technology systems be trained on cybersecurity, with annual refreshers. By July 2027, each entity must have its Cybersecurity Officer designated, perform a cybersecurity assessment, and submit the full Cybersecurity Plan for Coast Guard approval.

Vessel Flagging Laws

On May 21, the Federal Maritime Commission (FMC) launched a non-adjudicatory investigation into whether foreign vessel flagging laws and practices create unfavorable shipping conditions for the U.S. trade. Pursuant to the commission's statutory authority under 46 U.S.C. § 42101, to monitor and evaluate conditions that affect shipping in the foreign trade of the United States, the FMC signaled it would examine whether the laws, regulations, and practices of foreign governments, or the competitive methods employed by owners, operators, agents, or masters of foreign-flagged vessels, might violate statutes administered by the Commission. If the FMC determines that unfavorable shipping conditions exist in foreign trade, possible actions could include limiting voyages or cargo, suspending tariffs or service contracts, restricting carriers' operational agreements, and imposing fees.

Port of Long Beach Container Accident

Over 60 shipping containers fell from the ZIM vessel Mississippi into the water at Pier G in the Port of Long Beach on September 9. No injuries occurred, but the accident caused several containers to fall into the harbor and onto a clean air barge moored alongside the vessel. The U.S. Coast Guard established a 500-yard safety zone around the vessel to safeguard navigation and facilitate container retrieval.

This incident highlighted the importance of implementing robust cargo risk management strategies. Under the Carriage of Goods by Sea Act (COGSA), liability for cargo loss is typically limited to \$500 per package unless a higher value is declared in advance. For shipments involving high-value or sensitive goods, such as electronics, pharmaceuticals, or hazardous materials, shippers should strongly consider purchasing supplemental insurance or negotiating higher declared value terms to ensure adequate financial protection.

Coast Guard Cybersecurity Rule Implementation Phases



July 16, 2025 (Effective Date)

All reportable cyber incidents must be reported to the National Response Center (NRC)



January 12, 2026 (6 months after effective date)

All personnel must complete specified cybersecurity training (33 CFR 101.650).



July 16, 2027 (24 months after effective date)

Owners and operators must designate a Cybersecurity Officer (CySO).

They must conduct a Cybersecurity Assessment to identify vulnerabilities.

They must submit their Cybersecurity Plan for Coast Guard approval.

Parties to shipping agreements should also be mindful of protective provisions and liability-shifting clauses within their contracts. By clearly allocating risk through contracts, parties can recover losses and protect themselves from excessive exposure when the other side breaches the agreement.

SUPREME COURT GRANTS CERT ON TRANSPORTATION APPEALS

The U.S. Supreme Court granted petitions for certiorari in two cases with important implications for freight brokers and for employers operating in the supply chain.

Broker Liability for Negligent Selection

On October 3, the Supreme Court agreed to hear *Montgomery v. Caribe Transport II, LLC*, presenting the question of whether federal law preempts state-law claims against freight brokers for the negligent selection of motor carriers or drivers.

Federal appellate courts are split. The Ninth and Sixth Circuits have held that negligent selection claims against brokers are not preempted, reasoning that these claims fall within the safety exception because they concern the safe operation of motor vehicles. In contrast, the Seventh and Eleventh Circuits have found that such claims are preempted. They have interpreted the safety exception as requiring a direct connection between the state law and the operation of motor vehicles—such as regulations or claims against actual carriers or drivers. These courts have viewed broker conduct as too attenuated from direct vehicle operation. Recent decisions from state appellate courts, including in Illinois, have further complicated the landscape, resulting in inconsistent liability exposure depending on where a lawsuit is filed.

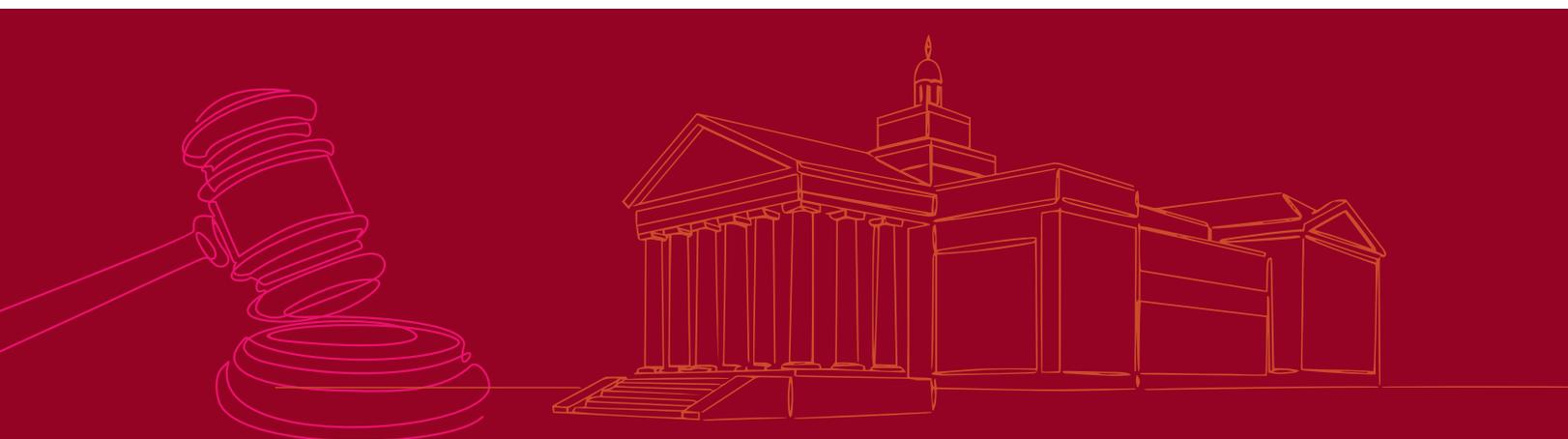
The lack of clarity has had major implications for freight brokers, exposing them to state-law tort claims in some jurisdictions but not others. If the Supreme Court determines that such claims are not preempted, brokers could face lawsuits for negligent selection even when they have complied with all federal requirements.

FAA Exemption for Last-Mile Delivery Drivers

The Supreme Court also agreed to decide the reach of the Federal Arbitration Act’s (FAA) “transportation worker” exemption, granting certiorari on October 20 in *Flowers Foods, Inc. v. Brock*. The case should clarify whether local delivery drivers who transport goods solely within one state—but whose goods have previously moved in interstate commerce—are exempt from mandatory arbitration under the FAA.

Conflicting appellate decisions have produced a patchwork of legal standards governing the enforceability of arbitration agreements for last-mile delivery workers. The First, Ninth, and Tenth Circuits have held that such workers are exempt if their deliveries complete the journey of goods moving in interstate commerce—even if the workers themselves never cross state lines or handle interstate vehicles. In contrast, the Fifth and Eleventh Circuits require a direct connection to interstate transportation, such as physically crossing state lines or loading/unloading interstate vehicles.

If the Supreme Court interprets the exemption broadly, many local delivery drivers, warehouse employees, and logistics personnel could find themselves not subject to mandatory arbitration. Such expansion of the exemption would have a substantial impact on employers’ risk management and dispute resolution strategies across an array of industries.





Cargo Theft Facts

\$1.8-\$6.5 bn

Estimated annual cost
(direct and indirect costs)

73%

of stolen cargo is
never recovered

25%

of all cargo theft is
Strategic Theft

CARGO THEFT

Cargo theft continued to plague supply chains in 2025, with fraud-based “strategic theft” representing an especially fast-growing threat. An American Transportation Research Institute (ATRI) report published in 2025 estimated total annual direct and indirect costs of cargo theft to be in the range of \$1.8 to \$6.5 billion. Quantifying the impact is challenging because with 73% of stolen cargo never recovered, carriers have a disincentive to report thefts, especially where the lost value is below a carrier’s insurance deductible threshold.

In addition to traditional “straight theft” of an entire load and “pilferage” of a partial load, strategic theft is an increasing problem, now accounting for at least 25% of total cargo theft. One example of strategic theft is double-brokering, in which criminals pose as legitimate brokers/carriers. The criminal brokers re-broker the load to an unsuspecting party, with instructions to deliver to a warehouse designated by the criminals. These schemes exploit digital load boards and weak verification practices. Regional hotspots are emerging in the United States and globally, and holidays and weekends are increasingly targeted due to the likelihood of delayed detection in those windows.

The threat of cargo theft can be mitigated by strong contracts that address security, liability, and insurance in detail. With close collaboration and proactive communication with supply chain partners, companies can better thwart theft attempts.

CARMACK AMENDMENT RELATED VICTORIES

Husch Blackwell secured several significant wins in 2025 clarifying the broad preemptive scope of the Carmack Amendment (49 U.S.C. § 14706), which provides the exclusive remedy for loss or damage to goods during interstate shipping.

Dismissal of Claims Against Carrier and Insurer

Plaintiff Advanced Concrete, Inc. alleged that an oversized shipment, arranged for delivery by Husch Blackwell client Kurtex Logistics, Inc., was damaged and rendered unusable when Kurtex struck an overpass bridge during transit. Advanced Concrete sued in Wisconsin state court, asserting claims against Kurtex for breach of contract, negligence, and liability under the Carmack Amendment, and naming Kurtex’s insurer as a co-defendant. Husch Blackwell removed the case to federal court in the Western District of Wisconsin.

The court granted Kurtex's motion to dismiss with prejudice all state law claims, reaffirming that the Carmack Amendment preempts any state law claim arising from damage to an interstate shipment unless the shipper and carrier expressly waive application of the amendment. The court found no express waiver in the contract at issue; in fact, the contract expressly invoked Carmack liability.

The court also granted the insurer's motion to dismiss, holding that the Carmack Amendment provides a cause of action only against carriers, not their insurers. State statutes permitting direct actions against insurers in negligence cases were found inapplicable, as the negligence claims were themselves preempted by federal law and the Carmack Amendment does not authorize suits against insurers.

State-Law Claims Dismissed as Preempted

Plaintiff Vincent Castiglia, an artist and collector, alleged that his valuable property was damaged during an interstate move from New York to Ohio. Castiglia initially brought state-law claims for breach of contract, unjust enrichment, and negligence against Husch Blackwell client Verity Van Lines, Inc., along with several co-defendants.

Husch Blackwell successfully removed the case to the U.S. District Court for the Northern District of Ohio and moved to dismiss the state-law claims as preempted by the Carmack Amendment. The court agreed, holding that all of Castiglia's state-law claims against Verity and the other defendants were preempted and must be dismissed. The court further denied Castiglia leave to replead those claims, finding any amendment would be futile. Instead, the court granted Castiglia leave to assert a single claim under the Carmack Amendment.

Complete Dismissal of State-Law Claims

Happy Sales LLC, a Milwaukee appliance retailer, refused delivery of a bulk shipment of used appliances it claimed were improperly packaged and damaged. Happy Sales brought state-law claims for spoliation of evidence, negligence, and aiding and abetting fraud against Husch Blackwell client Veriha Trucking, Inc., naming the seller and the logistics provider as co-defendants.

Husch Blackwell successfully removed the case to federal court in the Eastern District of Wisconsin and moved to dismiss the claims against Veriha, arguing that they were preempted by the Carmack Amendment. The court held that all claims against Veriha arose out of the shipment and were therefore preempted by federal law. The court also found that the spoliation claim was not a cognizable cause of action and that the allegations did not support independent claims outside the scope of Carmack preemption. Additionally, the court denied Happy Sales' motion to remand the case to state court, confirming that the federal forum was proper. All claims against Veriha were dismissed, with leave for the plaintiff to amend.

Summary Judgment Victory

An individual plaintiff arranged for the shipping of 11 high-value artworks from Ohio to her residence in Florida, where she instructed Husch Blackwell client Navis Pack & Ship to place the packed artwork in the garage. The plaintiff signed a delivery receipt confirming that all items were received in good condition and that the shrink wrap and banding securing them to a wooden pallet were intact.

More than 70 days later, the plaintiff filed suit in Ohio state court alleging various state law claims related to a missing painting, as well as violations of consumer protection laws. The Husch Blackwell team removed the matter to federal court in the Southern District of Ohio, where it successfully moved to dismiss all claims on the grounds that the Carmack Amendment and the Federal Aviation Administration Authorization Act preempted them. The plaintiff amended her complaint to allege a single cause of action under the Carmack Amendment. Husch Blackwell moved for summary judgment on that claim, argued that the plaintiff could not extend Carmack liability after accepting delivery of her goods and that her inability to provide competent evidence of the painting's value barred her from recovering damages. The court agreed and dismissed the case with prejudice.

What to Expect in 2026

How far does presidential authority extend when it comes to the imposition of tariffs? That is the big question confronting importers and manufacturers in 2026. The Supreme Court's pending decision on the legality of the Trump administration's IEEPA-based tariff actions will define not only the fate of the 2025 reciprocal tariff regime, but also the contours of U.S. trade governance for years to come.

The Court's ruling—and the administration's response—will be critical to the cost forecasting and sourcing strategies that companies will employ in 2026.

THE SUPREME COURT'S DECISION: A PIVOTAL MOMENT FOR TRADE POLICY

Oral argument in November 2025 underscored the stakes. If the Court affirms that IEEPA does not authorize the President to impose tariffs, much of the Trump administration's tariff structure could be invalidated, and billions in duties collected under IEEPA will be in question. If the Court upholds the tariffs, the executive branch may gain the broadest unilateral tariff power seen in modern U.S. history, effectively creating a parallel regime alongside Sections 301 and 232.

Either outcome will require rapid adjustments. If the IEEPA tariffs are invalidated, companies should expect a surge in administrative activity as CBP confronts unprecedented refund obligations and potential Congressional attempts to limit retroactive remedies. If the tariffs are upheld, businesses should anticipate that IEEPA will become a permanently central instrument of trade policy, increasing the unpredictability of duty rates and expanding the range of goods exposed to sudden cost escalation.

For planning purposes, 2026 will likely offer more turbulence and uncertainty before clarity.

PREPARING FOR A WAVE OF REFUND CLAIMS

Regardless of the Supreme Court's direction, refund strategy will be a major corporate priority in 2026. Many importers have already taken steps to preserve their rights, whether through filing protests or filing complaints at the CIT. This early action is prudent to ensure that importers are properly prepared if the tariffs are ultimately struck down.

If the Court invalidates the tariff authority, CBP may face significant administrative strain that slows or complicates reliquidation. Not all of the refund claims it receives will be treated equally; timeliness, documentation, and entry-by-entry preservation will matter. If refund exposure runs into tens of billions of dollars, there is the potential for Congressional intervention.

Even if the Court upholds the tariffs, companies should not assume refund discussions are irrelevant. There may be follow-on litigation challenging specific country tariffs, tariff classifications, exclusions, and administrative procedures. Importers should maintain well-organized entry records, preserve evidence of U.S. content claims, and prepare for renewed legal and compliance reviews.

INCREASED ENFORCEMENT FOR TRADE FRAUD AND EVASION ON THE HORIZON

The government will also continue its enforcement of trade remedy actions by increased focus on the tools at its disposal which include evasion and circumvention investigations to combat shifts in countries of origin, transshipment, repackaging and relabeling of goods in order to avoid duties and tariffs.

AI'S EXPANDING ROLE IN TRADE COMPLIANCE AND THE TRANSPORTATION SECTOR

Companies will rapidly adopt AI and automated decision-support tools in customs management, classification, valuation, and supply chain risk modeling in 2026. AI technologies will continue to transform the transportation industry, enhancing

logistics, fleet management, and supply chain optimization. With tariff regimes shifting more frequently and compliance obligations growing more complex, AI can provide an operational edge.

Companies should expect more AI-driven tariff forecasting integrated into procurement and pricing models. Likewise, automated documentation tools capable of validating origin claims, monitoring supplier integrity, and flagging forced-labor risks under the Uyghur Forced Labor Prevention Act (UFLPA) and related regimes will be increasingly available. With the rising use of AI and other technology tools will likely come rising regulator interest, particularly where automated systems influence import documentation or supply chain assurances.

GEOPOLITICS AND TRADE FRAGMENTATION

Steady geopolitical fragmentation will continue to shape cross-border commerce in 2026. Even beyond U.S. actions, countries are adopting more assertive trade policies, export controls, and industrial strategies. As a result, sudden market-access shifts—including retaliatory tariffs—are becoming standard features of trade planning. Emerging markets are playing a larger role both as alternative sourcing destinations and as risk centers, given their exposure to political and economic volatility. Supply chains involving critical technologies face particular challenges, including heightened risk of sanctions, outbound investment controls, and expanded national security regimes.

MANAGING VOLATILITY IN A LOW-GROWTH TRADE ENVIRONMENT

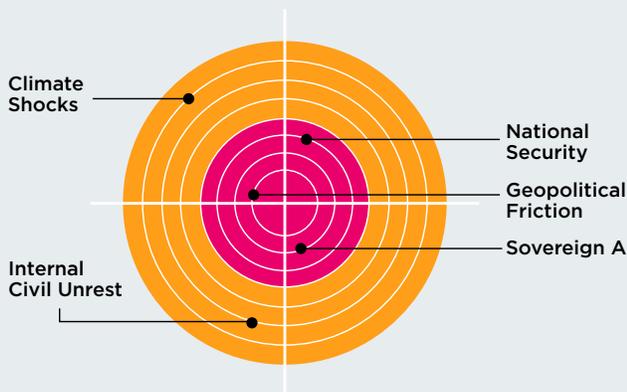
WTO projections for 2026 indicate that global trade volumes may remain sluggish, with trade in services outpacing goods but unlikely to offset weak merchandise flows. In such an environment, cost predictability becomes even more important. Companies with tariff exposure cannot rely on volume growth to absorb uncertainty; instead, they will need to model tariff scenarios—including best-, worst-, and middle-case paths—for procurement and pricing strategies.

In the environment likely to prevail in 2026, long-term contracts that assume stability in duty rates should be reassessed. To minimize trade-related disruptions, companies will also look to build stronger cross-functional coordination among trade compliance, finance, procurement, and logistics teams.

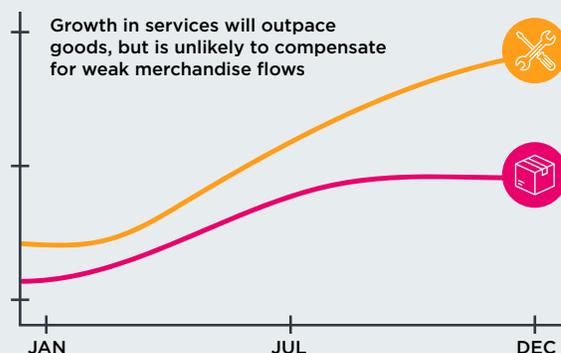
CARGO THEFT RISK WILL CONTINUE TO RISE

Cargo theft will grow even more sophisticated in 2026, especially forms of strategic theft such as arranging fictitious pickups and quickly absconding over international borders. Lobbying and legislative efforts to curb the trajectory are underway, but the transportation industry should redouble efforts to examine the contractual allocation of risk between shippers, carriers, brokers, and consignees. Indemnity, insurance, and security protocol requirements should be reviewed.

The Geopolitical Radar



WTO Global Trade Volumes 2026 Forecast



One legislative effort to watch in 2026 is the proposed bipartisan Cargo Security Innovation Act, which would create a pilot program at the Transportation Security Administration (TSA) to deploy advanced cargo security technologies across intermodal hubs nationwide. The legislation would also require the agency to submit a report to Congress that examines the technologies' effectiveness.

EVOLVING LAW ON BROKER PREEMPTION

Freight brokers will closely watch the outcome in *Montgomery v. Caribe Transport II, LLC*, in which the Supreme Court is expected to resolve the circuit split over whether federal law preempts state-law claims against brokers for the negligent selection of motor carriers or drivers. An adverse result could expose brokers to liability for negligent selection despite having complied with all federal requirements.

POSSIBLE NEW FMC ACTION ON DETENTION AND DEMURRAGE

In the wake of the D.C. Circuit's decision vacating a key provision of the Federal Maritime Commission's (FMC) 2024 Final Rule on detention and demurrage billing practices, ocean carriers can resume billing truckers for late container charges in accordance with carrier haulage agreements. However, the FMC may revisit this issue in future rulemaking, potentially acting once more to grant motor carriers relief, but this time seeking to provide a more explicit and coherent rationale for shielding the trucking industry from detention and demurrage charges.

CONTINUED ADVANCEMENT OF AUTONOMOUS VEHICLES

Advancements in autonomous vehicle (AV) technology for both passenger and cargo use will accelerate, driven by continued improvements in AI, sensors, and system integration. However, regulatory fragmentation will likely persist, with the absence of

uniform federal standards and an evolving patchwork of state and local rules continuing to create uncertainty for deployment and compliance planning.

Ethical, legal, and governance issues are also likely to intensify. Questions around system design choices, testing methodologies, data collection and use, cybersecurity, and liability allocation will draw increased attention from regulators and lawmakers. As AV adoption expands, companies should anticipate heightened scrutiny and more active policy engagement, even as comprehensive regulatory frameworks remain a work in progress.

A TURNING POINT ARRIVES

The coming year promises clarity on one of the most consequential trade-law questions in decades: whether IEEPA can support broad-based tariff authority. But that clarity will not necessarily have a calming effect. Even after the Supreme Court rules, regulatory, legislative, and geopolitical reactions will introduce new layers of complexity.

For importers, exporters, manufacturers, and retailers, 2026 will demand early action on refund rights, a reassessment of supply chain architecture, the integration of advanced compliance technologies, and constant monitoring of evolving trade policies. Similarly, the year will require transportation and logistics stakeholders to proactively manage legal, contractual, and compliance risk, rather than relying on stable or predictable regulatory frameworks.

Companies that prepare now—before the Court speaks—will be in the strongest position to manage what is likely to be a volatile trade landscape in 2026.

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