

**The 2026 Trade Agenda**

The Continuing Fluidity of the U.S. Trade

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- In 2026, key trade-related focal points will include the joint review of the USMCA, potential expansion of tariffs under Section 232, and developments in U.S.–China relations.
- The USMCA joint review may involve revisions such as changes to rules of origin and coordination of investment and trade regulatory regimes. It remains uncertain whether a Trump administration would formally agree to an extension. With respect to Section 232 tariffs, beyond the introduction of new product categories, there is a high likelihood of expanding coverage and raising tariff rates on items already subject to these measures. U.S.–China relations will entail complex negotiations that are shaped not only by trade considerations, but also by geopolitical factors.
- The United States' fluid trade environment will persist beyond 2026. Companies should use 2026 to gather the information necessary for management decision-making on whether this trend will continue in the post-Trump era.

In 2025, countries around the world were thrown into turmoil by the Trump tariffs. In early February, shortly after the administration took office, tariffs on fentanyl were imposed on China, Canada, and Mexico under the International Emergency Economic Powers Act (IEEPA). This was followed in quick succession by reciprocal tariffs in April and subsequent trade talks with various countries, a tariff and export-control standoff with China that resembled a test of endurance, and the progressive expansion of sector-specific tariffs under Section 232 of the Trade Expansion Act. By the second half of the year, however, trade negotiations with key partners had largely run their course. After the first in-person U.S.–China summit meeting of the second Trump administration at the end of October, the two countries agreed to suspend, for one year, the elevated tariffs and stringent export controls. As a result, the trade arena appeared to calm down.

That said, looking at the 2026 calendar, there is a significant possibility that, as in 2025, major disruptions lie ahead in the trade sphere. To prepare for this, it is important to gain a clear understanding, in advance, of what is likely to happen.

**Key Trade-Related Dates in 2026**

This section provides an overview of the trade-related events currently identifiable for 2026 (see Figure 1). By the first half of the year, the U.S. Supreme Court is expected to issue its decisions regarding the fentanyl tariffs and the reciprocal tariffs imposed under IEEPA. Depending on the rulings, the Trump administration may be forced to revise its tariff policy and/or provide refunds of duties already collected.

In addition, many of the Section 232 tariff investigations initiated in 2025 will reach their statutory deadlines in the first half of 2026. However, these investigations do not necessarily run until the final day of the allowed period, nor are their details necessarily made public. As such, the imposition of Section 232 tariffs will not inevitably be concentrated in the first half of 2026.

In February, the New START treaty, which sets limits on U.S. and Russian strategic nuclear arsenals, will expire. If a ceasefire in Ukraine has not been achieved, late February will also mark four years since the outbreak of the war. Should these developments heighten tensions in U.S.–Russia relations,

Washington may once again hint at the possibility of secondary sanctions on countries that continue importing Russian crude oil and other commodities.

President Trump is scheduled to pay a state visit to China in April. It remains uncertain whether the visit will materialize, and, if it does, what kind of deal might be struck between the United States and China will be a key point to watch.

On July 1, the joint review of the United States–Mexico–Canada Agreement (USMCA) is scheduled to take place. Notably, this will occur as the same three countries are co-hosting the FIFA World Cup. From autumn onward, the “diplomatic season” will begin, providing expanded opportunities for summit meetings among major leaders—including those of the United States and China—on the margins of APEC, the G20, and other international fora. Whether President Xi Jinping will visit the United States will also be an important focus.

In November, the United States will hold its midterm elections. The Trump administration will face critical choices: whether to adopt an even more hardline stance on trade to showcase as a political achievement, or, alternatively, to refrain from further tariff hikes and instead move to reduce some tariffs in order to address the domestic affordability crisis.

The following sections examine each of these topics in detail.

**Figure 1: Key Events in 2026**

	Trade-Related	Other
By first half of 2026?	U.S. Supreme Court ruling on tariffs imposed under IEEPA	
December 2025	Deadline for Section 232 investigation report on pharmaceuticals and semiconductors/semiconductor equipment (27th)	
January 2026	Tariff increase on certain furniture (1st) Deadline for USTR report to the U.S. Congress on USMCA review (2nd) Deadline for public comments on the operation of rules regarding automobiles and auto parts under the USMCA (7th) Deadline for Section 232 investigation report on aircraft (26th)	World Economic Forum (Davos) (19th–23th)
February		Expiration of the U.S.–Russia New Strategic Arms Reduction Treaty (New START) (5th) Four years since the start of the war in Ukraine (24th)
March	Deadline for Section 232 investigations on polysilicon products and drones (28th)	
April		President Trump’s visit to China
May	Deadline for Section 232 investigation on wind turbines (10th) Deadline for Section 232 investigations on medical devices and robots/machine tools (30th)	
June	Deadline for submission of USMCA improvement proposals (1st)	FIFA World Cup in the U.S., Canada, and Mexico (June 11th–July 19th) G7 Summit in France (14th–16th)

	Deadline for report on whether to apply a 15% Section 232 tariff on copper concentrate (30th)	
July	Joint review of the United States–Mexico–Canada Agreement (USMCA) (1st) Deadline for Section 301 investigation report on Brazil (15th)	250th anniversary of U.S. independence (4th) NATO Summit in Turkey (7th–8th)
September		Shanghai Cooperation Organisation (SCO) Summit in Kyrgyzstan
Autumn		President Xi Jinping’s visit to the United States
October	Deadline for report on possible tariff increases on lumber (currently 10%) (1st)	National Day (China: 1st; Taiwan: 10th)
November	Expiration of the temporary suspension of mutual U.S.–China export controls and related measures (10th)	U.S. midterm elections (3rd) APEC Summit in China (18th–19th) Taiwan local elections (28th) Central Economic Work Conference (China)
December		G20 Summit in the United States (14–15th)

Source: Compiled by the Washington Office based on various media reports and other sources

## Ambiguous USMCA Joint Review Process and U.S. Objectives

Among the events listed above, the one development that is certain to take place is the USMCA joint review. The United States, Canada, and Mexico have already begun their respective domestic procedures in preparation. In the United States, the USTR has solicited public comments, and a three-day public hearing was held in early December 2025. The USMCA joint review can be regarded as the single most important trade-policy event of 2026. However, the process itself and its prospects remain highly opaque, making it difficult to anticipate the outcome.

Article 34.7 of the [USMCA text](#), which provides for the joint review, stipulates in paragraph 1 that, “This Agreement shall terminate 16 years after the date of its entry into force, unless each Party confirms it wishes to continue this Agreement for a new 16-year term, in accordance with the procedures set forth in paragraphs 2 through” Paragraph 2 further provides that, “On the sixth anniversary of the entry into force of this Agreement, the Commission (Free Trade Commission: FTC) shall meet to conduct a ‘joint review’ of the operation of this Agreement, review any recommendations for action submitted by a Party, and decide on any appropriate actions.”

As the USMCA entered into force on 1 July 2020, the date for the joint review is 1 July 2026, and the deadline for submitting recommendations is one month prior, on 1 June 2026. Paragraph 3 and subsequent provisions state that, following the joint review, any Party wishing to extend the Agreement for a further 16 years must confirm that intent in writing. If all Parties so confirm, the USMCA will be extended for an additional 16-year period. If, as part of the joint review, one or more Parties do not confirm their desire to extend, the FTC shall conduct joint reviews annually thereafter, and if at any point prior to termination all Parties confirm their desire to continue, the Agreement will be extended for a further 16-year term from that point.

One of the key ambiguities concerns the deadline by which the Parties must confirm their intent to continue the Agreement. While the Agreement stipulates that the FTC shall meet on 1 July 2026, it is not clear whether the Parties must have confirmed their intent by that date, or whether 1 July

effectively marks the start of substantive negotiations. Think tanks in Washington, D.C. interpret this point somewhat differently<sup>1</sup>, and none provides a definitive view on by when a Party must notify its intention to continue.

Furthermore, while the Agreement states that, absent confirmation of intent to continue, a joint review shall be conducted annually, it does not specify how long each “joint review” should last. In an extreme scenario, one could imagine the joint review effectively continuing from 1 July 2026 through 30 June 2036.<sup>2</sup>

If, as a result of the joint review, the Parties agree to continue the Agreement subject to certain amendments, the Agreement itself would be modified in accordance with Article 34.3, becoming effective 60 days after written agreement. However, in such a case, the applicable domestic procedures in the United States are unclear. The USMCA Implementation Act, enacted to approve and implement the Agreement, contains no explicit provisions governing subsequent amendments.

At a Washington, D.C. event, USTR Greer was asked whether any final agreement resulting from the joint review would be submitted to Congress for approval. He responded that, “if you have something where we require an adjustment to US laws, then you have to go to Congress. That’s just how it works. If I have a situation like with some of our reciprocal trade agreements that we’re doing, where there’s not really a congressional change to be made and it’s mostly just changes on the other side of the table, you don’t necessarily have to go to Congress.” As is typically the case, the administration will seek to avoid congressional involvement where possible. The Trump administration is therefore likely to aim for amendments that appeal to domestic industry while, to the extent feasible, avoiding the need for formal congressional approval.

What, then, does the United States seek to achieve through the joint review? In advance of the process, the USMCA Implementation Act requires the USTR to solicit public comments from industry and other stakeholders and to report to Congress on the administration’s approach to the joint review. In line with this requirement, the USTR launched a public comment process in September 2025 and received more than 1,500 submissions. In early December, over the course of three days, more than 100 organizations and companies provided testimony at public hearings.

Drawing on these inputs, USTR Greer testified in mid-December before both the House Ways and Means Committee and the Senate Finance Committee, which have jurisdiction over trade. Although the hearings themselves were closed to the public, his [opening statement](#) has been published in written form. Taken together, these materials reveal the main areas in which the United States is seeking improvements under the USMCA (see Figure 2)<sup>3</sup>

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<sup>1</sup> For example, the Congressional Research Service (CRS) [explains](#) that the joint review will begin on July 1, 2026. The Center for Strategic and International Studies (CSIS) likewise [states](#) that the joint review will start in July 2026, whereas the Brookings Institution [explains](#) that the review must be conducted by July 1, 2026, and that an agreement on its continuation must be reached thereafter.

<sup>2</sup> Canadian Prime Minister Carney has [announced](#) that in January 2026 he will dispatch Minister of Trade with the United States, Leblanc, to the U.S. to advance work on the joint review.

<sup>3</sup> Some Democratic lawmakers have argued that the report to Congress required under the USMCA Implementation Act should be submitted in writing, but USTR Greer has countered that the Act does not require a written submission. Instead, he decided to make his opening statement public.

**Figure 2: Main Issues Expected in the USMCA Joint Review (From the U.S. Perspective)**

Tightening of Rules of Origin
<ul style="list-style-type: none"> <li>▪ Strengthening automotive rules of origin (raising regional value content, revising core components to reflect electric vehicles, increasing minimum wage requirements, introducing new provisions on critical minerals, etc.)</li> <li>▪ Making specified processes in steel/aluminum products (melting and pouring) mandatory and expanding their scope; introducing rules of origin for rare metals</li> <li>▪ Introducing regional value content requirements limited to U.S.-origin inputs</li> </ul>
Institutional Coordination for Economic Security
<ul style="list-style-type: none"> <li>▪ Coordination of systems for customs, export controls, and investment screening (to prevent manufacturing inflows and technology outflows from/to non-market economies such as China)</li> <li>▪ Establishment of international commodity agreements and marketplaces for critical minerals to stabilize supply-demand conditions and prices</li> <li>▪ Banning imports of products made with forced labor</li> <li>▪ Strengthening cooperation in the field of artificial intelligence (AI)</li> </ul>
Demands on Mexico
<ul style="list-style-type: none"> <li>▪ Improving preferential treatment of state-owned enterprises and discriminatory treatment of foreign companies (including in the energy sector)</li> <li>▪ Strengthening workers' rights (e.g., granting sanctioning authority to the Federal Center for Conciliation and Labor Registration established in connection with the entry into force of the USMCA)</li> <li>▪ Crackdown on illegal, unreported and unregulated (IUU) fishing; revising preferential policies for meat and cheese exports to the EU; seasonal restrictions on agricultural products, etc.</li> </ul>
Demands on Canada
<ul style="list-style-type: none"> <li>▪ Liberalization of the dairy market (relaxation of tariff rate quota systems) and restrictions on exports of such products (e.g., elimination of subsidies)</li> <li>▪ Easing of digital regulations (Online Streaming Act and Online News Act that mandate preferential treatment for Canadian content)</li> <li>▪ Relaxation of regulations on the sale of alcoholic beverages, government procurement, and the wholesale electricity market, among others</li> </ul>

Source: Prepared by the Washington Office based on public comment submissions, public hearings, and Ambassador Greer's opening statement before Congress, among other materials.

The first point of focus will be the tightening of rules of origin. Even under the current USMCA, the regional value content (RVC) requirement for automobiles has been raised from 62.5% under its predecessor, NAFTA, to 75%. In addition, rules of origin have been strengthened by introducing requirements such as a labor value content (LVC) produced by workers earning at least US\$16 per hour, and limiting core parts to those produced in North America.

However, for U.S. labor unions and others, the reshoring of the auto industry to the United States is still insufficient, and they are calling for further increases in the regional value content, the designation of core components and stricter origin determinations that reflect the electrification of vehicles, higher minimum wage thresholds, and origin criteria that are specifically tied to U.S.-made inputs.

The next key area of attention is institutional coordination for economic security. In particular, concern is growing over products from non-market economies such as China entering the United States via Mexico and other countries in a way that circumvents U.S. tariffs. To prevent this, there are calls for closer coordination of customs and investment screening regimes. Furthermore, to prevent sensitive technologies and the like from flowing out to third countries, it is considered desirable for

export control regimes in the three countries to be aligned at the same level. There are also ideas being floated to conclude international commodity agreements and establish integrated trading markets aimed at stabilizing supply–demand conditions and prices for critical minerals such as rare earths, whose supply chains have recently drawn significant attention, with a view to building such supply chains within North America.

In addition, there are demands on Mexico to strengthen workers’ rights and eliminate preferential policies for state-owned enterprises, while Canada faces long-standing issues with the United States over dairy market liberalization, as well as issues concerning regulation in the digital sector. Of course, beyond these, a very large number of suggested improvements—by sector and in other forms—have been put forward by various industries and companies.

At the congressional hearing, USTR Greer commented that “many stakeholders expressed support for the USMCA and many explicitly called for the Agreement to be extended. However, at the same time, virtually all stakeholders also called for some sort of improvement to the Agreement. Some commentators indicated that they supported extension only if certain improvements were made.” As former USTR Robert Lighthizer [noted](#) prior to the entry into force of the USMCA, and as current USTR Greer again emphasized at this hearing, previous trade agreements were premised on being permanent, whereas the USMCA adopts a provisional mechanism that assumes the agreement can always be reconsidered as to whether it is still needed (the so-called sunset clause). This is the single biggest difference from its predecessor, NAFTA.

As a member of the team that worked tirelessly to realize the USMCA, Greer presumably has been eagerly awaiting this opportunity. In other words, the likelihood that this joint review will simply result in an extension without any amendments is considered to be close to zero.

On the other hand, although it is unclear whether this will be taken up among the three countries as part of the USMCA joint review, the relationship between the USMCA and Section 232 tariffs will also warrant close attention. During the first Trump administration, Canada and Mexico were exempted from the Section 232 steel and aluminum tariffs. In the second administration, both countries were brought back under the scope of the steel and aluminum tariffs, and auto tariffs were also imposed. While Japan, South Korea, and Europe succeeded—through reciprocal tariff-reduction negotiations—in having the Section 232 auto tariff cut from 25% to 15%, Canada and Mexico have seen only partial exemptions granted on U.S.-content portions of USMCA-eligible vehicles, with the 25% Section 232 tariff otherwise remaining in place.

The above is only a projection based on practical considerations, but there is no doubt that the joint review will also be heavily influenced by political developments. Just as in 2025, when the province of Ontario in Canada ran advertisements mocking the Trump administration’s tariff policies and President Trump responded by breaking off negotiations with Canada and threatening additional tariffs, similar developments can be expected in 2026.

President Trump has already raised the prospect of USMCA withdrawal, a shift to bilateral negotiations, and additional tariffs on Mexico triggered by disputes over water treaties. Since the “fentanyl tariffs” imposed on Canada and Mexico are based on IEEPA, the Supreme Court ruling on IEEPA expected in the first half of 2026 could also affect negotiations among the United States, Canada, and Mexico. The future course of other Section 232 tariffs, discussed in detail below, could likewise serve as both leverage and a bargaining chip for concessions in negotiations on existing Section 232 measures and the USMCA. And for the Republican Party to maintain its majorities in both houses in the November midterm elections, it will also have to calculate whether it is more advantageous to maintain a hard-line stance on trade policy, or to pursue a de facto reduction in tariffs—such as easing Section 232 tariffs in connection with an agreement to extend the USMCA—



in order to push down import prices.

Possible scenarios include: (1) failure to reach agreement on extending the USMCA, resulting in a postponement to 2027 onward ; (2) failure to reach agreement on extension and a shift to bilateral agreements; (3) agreement on an extension after partial revisions; (4) withdrawal by the United States or other parties; and (5) agreement to extend the current agreement without change. If the Trump administration's top priority over its term through 2029 is to maintain leverage over Canada and Mexico, scenarios (1) or (2) become more likely. Otherwise, the next joint review would not occur until 2032, squandering the opportunity to use that leverage. However, given the strong calls from industry for revisions, the United States may seek a best-of-both-worlds approach—a combination of (1) and (3)—by making practical amendments to specific provisions while withholding agreement on an extension. If the priority is to improve the USMCA while also signaling a pro-business posture, there is also a possibility that the outcome will be scenario (3). Scenarios (2) and (4) would in effect mean the dismantling of the USMCA, with a major impact on markets, and officials such as Treasury Secretary Bessent would likely act to prevent this. As noted above, scenario (5) appears unlikely in that it fails to make use of the USMCA's most distinctive feature—the sunset clause.

## **Frequent Use of Section 232 Tariffs**

Section 232 of the Trade Expansion Act, which grants the President authority—on the grounds of threats to national security—to impose tariffs by product category on a global basis without any ceiling on tariff rates or duration, is a favorite tool of the Trump administration. In its first term, it completed seven investigations<sup>4</sup> and imposed tariffs on steel and aluminum. In the second term, it implemented tariffs on automobiles, for which an investigation had been completed in the first term, and has since launched twelve additional investigations, imposing tariffs on three of them: copper, lumber, and medium- and heavy-duty trucks (see Figure 3).

As shown in Figure 1, for items where tariffs have not yet been imposed, the respective investigations will be completed one after another from the beginning of the year. Under Section 232 of the Trade Expansion Act, the Department of Commerce is required to report the results of its investigation to the President within 270 days of initiation. The President must then decide, within 90 days of receiving the report, whether action is necessary and, if so, what form it should take, and must implement any such action within 15 days of that decision. In other words, following this procedure, it is possible that, starting around spring, we will begin to learn, sequentially, what measures—if any—will be taken for each of these products. Because the tariff classification numbers for each item have not been disclosed, it is difficult to calculate precise import values. However, if derivatives are included, the impact on pharmaceuticals, semiconductors, civil aircraft (including parts), medical devices, and industrial robots/machine tools is likely to be substantial. A number of countries, including Japan, which have agreed to tariff consultations with the United States, are set to enjoy reduced rates or exemptions for certain items even if additional tariffs are imposed, but any imposition would still mean an expansion of the scope of products subject to tariffs compared with today. In particular, industrial robots and machine tools are major export items to the United States for Japan, and the impact on the Japanese economy would not be negligible.

With respect to items already subject to tariffs, tariffs on lumber (including furniture and related products) are already scheduled for increases and further review, and for aluminum and steel there

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<sup>4</sup> Aluminum, steel, automobiles and their parts, uranium, titanium sponge, transformers and their parts, and vanadium. All of these, except vanadium, have been designated as posing national security threats.

is an ongoing inclusion process that periodically expands the range of covered products. If the Supreme Court were to rule that tariffs imposed under the IEEPA are unlawful, it is said that the Trump administration would lean even more heavily on Section 232 tariffs.

As with the USMCA joint review, the decision to expand or scale back Section 232 tariffs will depend heavily on political considerations. Having been used since the first term—and having been proven particularly effective as leverage in negotiations with other countries on automobiles—Section 232 tariffs, which unlike measures under IEEPA are not subject to significant legal challenge, have effectively become a linchpin of the Trump administration’s trade policy. It is therefore highly likely that their extensive use will continue.

**Figure 3: Overview of Section 232 Tariffs**

Item	Status	Overview
Aluminum	In force	First term: 10% tariff, with certain countries exempted. Second term: rate increased to 50% and applied to all countries; ongoing process for adding covered products. United Kingdom: rate reduced to 25%.
Steel		First term: 25% tariff, with certain countries exempted. Second term: rate increased to 50% and applied to all countries; ongoing process for adding covered products. United Kingdom: rate reduced to 25%.
Automobiles		Investigation completed in the first term; 25% tariff imposed in the second term. European Union, Japan, and South Korea (which concluded trade agreements with the United States): rate reduced to 15%. United Kingdom: low-tariff quota with a 10% rate. USMCA-eligible vehicles: exemptions on the portion attributable to U.S.-origin content and other mitigating measures; partial relief also for manufacturers that conduct final assembly in the United States.
Copper		50% tariff on semi-finished copper products and derivatives. High-volume imports such as copper concentrates currently excluded.
Lumber (including furniture, etc.)		Tariffs of 10–25%. From 2026, additional tariff increases under consideration (Japan, the UK, and the EU are partially exempt).
Medium- and heavy-duty trucks		25% tariff on medium- and heavy-duty trucks and parts; 10% on buses. Treatment for USMCA-eligible vehicles and U.S.-based final assemblers similar to that for automobiles.
Critical minerals	Investigation underway/completed	Investigation launched on 22 April 2025. Statutory period: 270 days (through 20 January 2026). Presidential directive: Department of Commerce to complete investigation within 180 days (by 22 October 2025).
Pharmaceuticals		In September 2025, President Trump announced the imposition of an additional 100% tariff on certain pharmaceuticals from October, without specifying a legal basis. Subsequently, the imposition of the additional tariffs was postponed to allow for negotiations with pharmaceutical manufacturers.
Semiconductors		President Trump at one point mentioned the possibility of additional tariffs exceeding 100%, although no such tariffs have yet been imposed.
Civil aircraft and parts	Under investigation	
Polysilicon		



Drones		
Wind turbines		
Medical devices		
Industrial robots/machine tools		

Source: Washington Office, based on White House announcements and the Federal Register.

A One-Year U.S.–China Trade “Truce”

Among the Trump administration’s trade policies, the China issue is the most complex and multifaceted. Since surpassing Japan in 2000, China has remained the United States’ largest bilateral goods trade deficit partner for a quarter of a century. At one point, it was also the United States’ largest overall trading partner, ahead of Canada and Mexico. As the administration itself designated in its first term, China is the United States’ principal “strategic competitor.”

In every region of strategic importance—whether the Ukraine–Russia conflict, the Taiwan issue, or the Western Hemisphere, which the administration has designated as a top regional priority in its second term—geopolitical confrontation and engagement with China are unavoidable. Against this backdrop, one lesson President Trump appears to have drawn from the first- and second-term trade wars is that problems with China are not limited to trade but span multiple domains, and that tariffs alone are insufficient to address them. Viewed in this light, the sharp shift in 2025 from intense tariff battles in the first half of the year to a temporary truce in the second half is understandable.

Turning to 2026, the outlook for U.S.–China relations is shaped by several key summit opportunities. As noted earlier, President Trump is scheduled to pay an official visit to China in April, and President Xi is slated to visit the United States in the autumn. In addition, China is scheduled to host the APEC Leaders’ Meeting in Shenzhen in November, while the United States plans to host the G20 Leaders’ Summit in Florida in December. How effectively these four potential summit opportunities are utilized—or, conversely, whether they fail to materialize and bilateral strains are laid bare—will be of critical importance.

At first glance, it may appear that the U.S. and Chinese leaders will have four occasions to meet in each other’s countries over the course of a single year. In practice, however, arranging all of these meetings will not be easy. Separate from bilateral meetings on the margins of multilateral gatherings, mutual state visits typically require tangible deliverables or agreements. It is uncertain whether sufficient progress can be made on substantive issues to justify two state-level visits within a single year.

It is also unusual to announce, this far in advance, overseas visits scheduled through the following autumn, which may reflect the U.S. side’s desire to avoid an extreme deterioration in relations with China. In addition, if the U.S. president were to skip the APEC summit in November, it would seriously undermine President Xi’s position as host. As a result, President Trump could become the first U.S. president to visit China twice in the same calendar year—arguably a diplomatic “gift” to President Xi in and of itself.

On the other hand, Beijing has not yet officially confirmed the reciprocal visits. It is likely seeking to extract maximum concessions from Washington until the last possible moment. In their November 2025 telephone call, President Xi reportedly emphasized to President Trump the importance, for both China and the post-war international order, of “unification with Taiwan.” The United States has not

provided any official response to this point. On the contrary, since 10 November, when both sides implemented the agreed suspension of elevated tariffs and export controls, the United States has—for the first time in the second Trump administration—authorized arms sales to Taiwan and has recently accelerated such sales. Congress has also passed legislation favorable to Taiwan, further aggravating Chinese sensitivities.

Meanwhile, the Ukraine war—which President Trump had vowed to “end on day one”—continues, and efforts to broker a ceasefire have stalled. In February 2026, the New START Treaty will expire, and as the war enters its fourth year, U.S.–Russian maneuvering over Ukraine is likely to intensify further. If no credible path to a ceasefire emerges by spring, Washington may ask Beijing, in connection with President Trump’s visit to China, to assume a greater role in mediating the conflict. In such a scenario, geopolitical issues are likely to take precedence over trade in the April summit.

Key questions include what sort of position China will seek from the United States on Taiwan, and how far Beijing will be prepared to align with U.S. efforts to promote a ceasefire in Ukraine. These issues will significantly influence whether the April visit actually takes place. If the visit were to fall through, U.S.–China relations could quickly revert to a state of elevated tension.

Even if the spring visit proceeds, President Xi’s visit to the United States in the autumn will also be challenging to arrange. Given the November diplomatic calendar and the U.S. midterm elections, the most likely window for a Xi visit is between August and October. By that time, the two sides will need to decide how to handle the one-year suspension of elevated tariffs and export controls, which is set to expire on 10 November 2026.

The United States will scrutinize whether China has honored its commitments on rare earth exports, soybean purchases, and other agreed items. China, in turn, will watch closely whether the United States has refrained from tightening semiconductor export controls or pursuing a conspicuously exclusionary economic or diplomatic policy toward China. Another point of focus will be how Washington responds if, by that time, the Taiwanese president plans a tour of Latin America that transits through the United States.

## **No Room for Complacency, Even for Countries With Tariff Agreements**

Beyond the developments discussed above, other trade-related challenges remain. Japan, South Korea, and the EU, which have already reached tariff agreements with the United States, will be expected to fully comply with their commitments. In particular, the threshold for inward investment into the United States—as measured in monetary terms—is high from the outset. A key question will be how these partners can demonstrate value that exceeds the nominal commitments they have made.

The United Kingdom has been seeking a shift in steel tariffs from the current 25% to a tariff-rate quota regime, but such changes have yet to be realized. The EU has agreed with the United States to engage in discussions on steel and aluminum supply chains, although it remains unclear whether, or how, these talks will be linked to tariff policy. Negotiations with countries such as India, Brazil, and Indonesia—which have not yet concluded tariff arrangements with the United States—are also expected to continue.

Corporate management teams must be prepared for this fluid U.S. trade environment to persist not only in 2026, but also in 2027 and 2028. They will need to decide whether to factor into their medium- to long-term planning the possibility that this trend will continue beyond 2029, regardless

of whether a Republican or Democratic administration is in office.

In this context, 2026 is likely to be a year in which companies actively gather information—such as the outcome of the USMCA joint review—to inform such strategic management decisions.

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