

# International Trade Quarterly Updates — January to March 2026

Welcome to the inaugural issue of the WTS Taxise International Trade Quarterly Updates — a concise quarterly briefing on the regulations, enforcement actions, and trade negotiations reshaping the Asia Pacific commercial landscape. In the space of three months, the U.S. Supreme Court invalidated the IEEPA tariff architecture that had governed the bulk of U.S.–Asia trade for over a year; the People's Republic of China opened two simultaneous trade barrier investigations into U.S. conduct; and India and the European Union — after nearly two decades of negotiation — concluded one of the most consequential free trade agreements of the decade.

Beneath those headlines, three deeper currents defined the quarter: (a) a sharpening of U.S.–China measures and Chinese countermeasures, with Beijing increasingly willing to deploy its own trade-remedy toolkit in retaliation; (b) a region-wide tightening of dual-use and strategic export controls, from Seoul's catch-all amendments to Bangkok's new licensing system; and (c) intensified enforcement on rules of origin and transshipment risk across ASEAN, as governments respond to U.S. pressure on circumvention. The landscape has increased in complexity and the cost of getting compliance wrong has materially risen.

Looking ahead, the USTR's two newly initiated Section 301 investigations — into "structural excess capacity in manufacturing" and "forced labour practices" — will keep multiple Asian economies in Washington's crosshairs through 2026, and we will continue to monitor how governments in the region respond.

The Supreme Court's invalidation of the IEEPA tariffs has opened a refund window for importers who paid duties between February 2025 and February 2026. U.S. Customs and Border Protection ("**CBP**") launched the CAPE (Consolidated Administration and Processing of Entries) portal on 20 April 2026 to process those claims, though the path to a refund is neither automatic nor straightforward. Affected businesses should promptly identify in-scope entries, quantify amounts paid, and assess whether the duty burden was contractually passed through to customers.

## 1. CHINA

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*Ministry of Commerce of the PRC ("MOFCOM") Announcement No. 1 of 2026 on Strengthening Export Control of Dual-Use Items to Japan, issued by MOFCOM and effective from 6 January 2026*

### Contents

MOFCOM Announcement No. 1 of 2026 prohibits the export of dual-use items controlled by the PRC to military end-users and military end-use in Japan. Military end-users include the Japan Self-Defense Forces, the National Police Agency (to the extent engaged in military-related activities), defence

procurement and technology agencies, and entities acting on their behalf.

The prohibition extends to situations where the exporter knows, or has reasonable grounds to know, that a dual-use item, in whole or in part, is intended for a purpose that may enhance the military capability of Japan, regardless of whether the consignee is a military end-user.

Dual-use license applications for exports to Japan will be subject to enhanced review and MOFCOM may require exporters to submit additional end-user and end-use statements, supporting documents, and undertakings from the Japanese consignee.

## Policy intent

This is the first country-specific dual-use export control announced by MOFCOM in 2026, identifying Japan as a destination of concern for dual-use items. The measure follows MOFCOM's broader 2025 thematic shift towards extraterritorial and country-specific application of the *Export Control Law* adopted by the Standing Committee of the National People's Congress on 17 October 2020 and effective from 1 December 2020 and reflects the ongoing Sino-Japanese tensions.

## Implications for businesses

Companies with Japan-bound flows of items on the Chinese dual-use catalogue should expect longer licensing review timelines, additional end-use certificate requirements, and a higher rate of denial. Multinationals using China as a production hub for goods destined for Japan-headquartered customers should re-verify whether any inputs or finished goods are caught by the catalogue and prepare for tighter compliance touchpoints.

***MOFCOM Announcement No. 17 of 2026 on Trade Barrier Investigation into U.S. Measures Disrupting Global Production and Supply Chains, issued by the MOFCOM Trade Remedy and Investigation Bureau and effective from 27 March 2026***

## Contents

MOFCOM initiated a trade barrier investigation against practices and measures implemented by the U.S. in trade-related fields that disrupt global production and supply chains, including but not limited to:

- a) measures restricting or prohibiting Chinese products from entering the U.S. market;
- b) measures restricting or prohibiting the export of high-and-new-technology products to China;
- c) measures restricting or prohibiting bilateral investment in key sectors.

The investigation will be for a period of six months (extendable by three months). Interested parties wishing to submit comments

on this investigation are required to submit written comments to the Trade Remedy and Investigation Bureau of MOFCOM within twenty (20) days from the date of publication of this Announcement.

Interested parties shall also register with the Trade Remedy and Investigation Bureau in accordance with the procedures set out in *MOFCOM Order No. 4 of 2005 on Rules on Foreign Trade Barrier Investigations*, issued by MOFCOM and effective from 1 March 2025 ("**MOFCOM Order No. 4 of 2005**").

A non-confidential public version of the investigation report will be made available in accordance with *MOFCOM Order No. 4 of 2005*.

Upon conclusion of the investigation, MOFCOM shall issue a final determination. Where the determination finds that the investigated measures constitute a trade barrier, MOFCOM may take necessary countermeasures to protect the legitimate rights and interests of the PRC.

MOFCOM, in coordination with the State Council, is authorised to adopt necessary countermeasures against any country or region that adopts discriminatory prohibitions, restrictions, or other similar measures against the PRC such as:

- a) imposing import tariffs or tariff-rate quotas on goods originating in or routed via the U.S.;
- b) restricting or prohibiting imports of specified goods, services, or technologies;
- c) suspending or restricting bilateral trade and investment cooperation arrangements;
- d) designating entities on the Unreliable Entity List;
- e) imposing export controls or restrictive licensing on items destined for the U.S.;
- f) initiating WTO dispute settlement proceedings; and
- g) any other appropriate measures to safeguard national sovereignty, security, and development interests.

## Policy intent

This trade barrier investigation was launched in direct response to the USTR's Section 301 investigations of 12 and 13 March 2026 targeting China and other economies.

We note that MOFCOM has conducted relatively few formal trade barrier investigations since *MOFCOM Order No. 4 of 2005* took effect in 2005. The most prominent recent investigations include:

- a) the 2011 investigation into U.S. renewable-energy support measures, in which MOFCOM concluded that certain federal and state subsidies and 'Buy American' provisions constituted prohibited subsidies and trade barriers, which resulted in bilateral consultations and a parallel WTO dispute (DS419) rather than unilateral countermeasures;
- b) the 2024 investigation into the EU's Foreign Subsidies Regulation, in which MOFCOM concluded that Chinese industry suffered losses over RMB 156 billion as a result of these regulations, which resulted in bilateral engagement and WTO consultation rather than specific Chinese tariff retaliation; and
- c) the 2025 investigation into Mexico's tariff increases on Chinese goods, in which MOFCOM issued an affirmative determination, resulting in WTO consultations and reciprocal tariff signals.

## Implications for businesses

Multinationals should expect this investigation to be the procedural vehicle through which China announces further targeted countermeasures against the U.S. in the course of 2026. Companies with U.S. parentage or significant U.S. operations should perform an impact assessment once the countermeasures are announced. Submissions to MOFCOM during the investigation window can shape the eventual determination and should be considered by companies with significant China exposure.

*MOFCOM Announcement No. 18 of 2026 on Trade Barrier Investigation into US Measures Hindering Trade in Green Products, issued by MOFCOM Trade Remedy and Investigation and effective from 27 March 2026*

## Contents

MOFCOM initiated a trade barrier investigation against practices and measures implemented by the U.S. hindering trade in green products, including but not limited to:

- a) measures restricting the export of green products to the United States (including barriers to the importation of electric vehicles, lithium-ion batteries, photovoltaic modules, wind turbine components, and other clean-technology products);
- b) measures slowing the deployment of new energy projects (including domestic content and origin requirements, and anti-subsidy duties affecting clean-energy inputs);
- c) measures restricting cooperation in technology related to green products (including "foreign entity of concern" restrictions in clean-vehicle tax credits and export controls on clean-technology items).

The same investigative procedural framework as *MOFCOM Announcement No. 17 of 2026* was adopted with the imposition of countermeasures in the event that the final determination by MOFCOM finds that the measures constitute a trade barrier.

## Policy intent

Companion investigation to Announcement 2026 No. 17, narrowed to U.S. measures alleged to hinder trade in green products — including electric vehicles, solar PV cells and modules, lithium-ion batteries, wind turbines, and clean-tech inputs (including critical minerals and rare earth derivatives).

## Implications for businesses

Clean-tech and EV supply chains involving Chinese manufacturers, U.S. off-takers, and third-country assembly are squarely within

scope. Companies should monitor developments closely and perform an impact assessment of the countermeasures that may be introduced resulting from this investigation. Submissions to MOFCOM during the investigation window can shape the eventual determination and should be considered by companies with significant China exposure.

## 2. INDIA

*Union Budget 2026 and Finance Bill 2026 – Customs Law Changes issued by Ministry of Finance, Department of Revenue ("Customs"); Central Board of Indirect Taxes and Customs ("CBIC") and effective from 1 February 2026*

### Contents

The Union Budget 2026 and Finance Bill 2026 brought about the following changes to the customs laws, most notably of which is the extension of the validity period for Advance Rulings from 3 years to 5 years, with rulings currently in force extendable on application to the Authority for Advance Rulings.

Other changes include:

- a) Lapse of 14 unconditional exemptions (5 of which were redundant) effective 2 February 2026 — many of these exemptions had become redundant following Basic Customs Duty ("BCD") rate restructuring.
- b) Introduction of a specific duty component to discourage low-value imports of umbrellas and parts (HS 6601) effective 2 February 2026.
- c) Amendment to the Deferred Payment of Import Duty Rules, 2016, effective 1 March 2026, expanding the deferred payment facility eligibility from AEO Tier-2 importers to a broader 'Eligible Manufacturer Importer' category and allow consolidated monthly settlements.
- d) Lapse of 22 further exemptions and concessional rates on 31 March 2026 affecting machinery, capital goods, certain raw materials, and inputs to the

renewable-energy and electronics sectors.

- e) Notification of the *Customs Baggage (Declaration and Processing) Regulations, 2026* which raises the duty-free baggage allowance to INR 75,000 (from INR 50,000) and consolidate passenger declarations into a single electronic framework.

*India-EU Free Trade Agreement, concluded on 27 January 2026*

### Summary of development

Following nearly two decades of negotiations, India and the European Union concluded a comprehensive FTA on 27 January 2026. The agreement is currently subject to legal vetting and translation, with formal signature to follow.

Entry into force is expected in early 2027 owing to the EU's longer ratification process (Council approval, European Parliament consent), against a comparatively shorter Indian ratification timeline.

The agreement is expected to deliver significant tariff liberalisation for industrial and agricultural goods, services market access (including in financial services and digital trade), public procurement openings, and investment protection.

### Implications for businesses

Companies trading between India and the EU should review the FTA to determine the benefits that may be derived from the FTA and begin preparing rules-of-origin readiness, supply-chain reconfiguration analyses, and tariff-engineering reviews now, given the multi-month gap between signature and entry into force. Sectors expected to gain most include automotive, machinery, pharmaceuticals, textiles, agricultural products, and ICT services.

*India-UK FTA, entry into force expected in May 2026*

### Summary of development

The India-UK FTA, signed in July 2025, is expected to enter into force in May 2026, granting zero-duty access on 99% of Indian exports. The FTA is also expected to eliminate

duties on 90% of tariff lines for UK exports to India, covering about 92% of trade value. Final ratification by the UK Parliament was concluded in Q1 2026. Both governments are expected to confirm the precise entry-into-force date in the coming weeks.

### Implications for businesses

Companies trading between India and the UK should review the FTA to determine the benefits that may be derived from the FTA and commence preparations to make use of the FTA when it comes into force. This would include finalising origin determination analysis, and preparing documentation to claim preferential duty treatment and certification procedures. Key sectors that are likely to benefit include Scotch whisky, automotive products, medical devices, cosmetics, aerospace components, textiles, and food products.

## 3. SOUTH KOREA

*Amendment to Terrorism Financing Prohibition Act and Enforcement Decree, issued by the Ministry of Economy and Finance, Korea Customs Service and Financial Services Commission and effective from 22 January 2026*

### Contents

The amendments to the *Terrorism Financing Prohibition Act* expands the definition of "financing activity" to include (a) raising, providing, transporting, or storing assets that constitute funds for public intimidation in the form of virtual assets or digital assets; and (b) financing through non-face-to-face transactions or unlicensed remittance channels.

Additionally, the following types of businesses are now treated as "Designated Businesses" and are required to comply with suspicious transaction reporting, customer due diligence, and enhanced due diligence obligations: (a) trade intermediaries, freight forwarders, and other businesses involved in trade finance; (b) remittance and currency-exchange operators; and (c) digital-asset custodians.

Designated Businesses are now also required to conduct pre- and post-transaction screening against the following sanctions lists: (a) UN Security Council Resolutions sanctions list; (b) sanctions targets independently designated by the Republic of Korea; (c) foreign sanctions lists, including the U.S. OFAC SDN List, on a risk basis. Furthermore, enhanced due diligence shall be conducted for transactions with elevated risk of transshipment via third countries.

The amendments also clarify that the regulatory regime is to act in a complementary manner to the strategic items export/import control framework.

### Policy intent

These amendments are to strengthen South Korea's counter-terrorist financing and economic sanctions framework, in line with FATF recommendations and the Korean government's enhanced posture on third-country sanctions circumvention risk.

### Implications for businesses

Korean and Korea-touching exporters should re-validate sanctions screening, enhanced due-diligence, and red-flag escalation procedures, particularly for transactions with onward shipment to high-risk jurisdictions. For the new class of "Designated Businesses", new compliance policies and procedures will need to be adopted to ensure compliance with the new requirements imposed by these amendments. The Korean government has separately signalled intensified focus on Russia-circumvention typologies (rerouting, transshipment, brokering through third-country intermediaries).

### *Strengthened Strategic Items / Catch-All Controls*

### Summary of development

The Ministry of Trade, Industry and Energy ("MOTIE") and the Korea Strategic Trade Institute updated the lists of strategic items and "catch-all" items requiring situational permission, with refinements anticipated through 2026, particularly in advanced semiconductor manufacturing equipment,

critical minerals, and dual-use software/technology.

In this regard, we would highlight the following:

- a) Korea's MOTIE list adds explicit country-of-concern catch-all triggers (situational permission) based on end-user/end-use risk and transshipment indicators
- b) Korea controls extend to advanced semiconductor manufacturing equipment (notably EUV-related sub-systems and HBM-process tooling)
- c) Korea applies controls on critical minerals under MOTIE's 33-mineral economic-security list (10 of which are 'strategic'); and
- d) software/technology controls in Korea include South Korea-specific classification on top of those subject to controls under the Wassenaar Arrangement.

### Implications for businesses

Korean exporters of semiconductor manufacturing equipment, critical minerals, and dual-use software should monitor MOTIE updates closely. Internal classification self-assessments should be refreshed against the latest Strategic Trade Information System ([yestrade.go.kr](http://yestrade.go.kr)) reference materials.

### *U.S.-Korea Strategic Trade Investment Deal*

#### Summary of development

The Trump Administration announced the Korea Strategic Trade and Investment Deal (alternatively referred to as the U.S.-Korea Strategic Trade and Investment Deal) with South Korea in mid-2025, providing for a reduction in U.S. tariffs on Korean goods to 15% in exchange for Korean commitments on market access and supply-chain investment. Implementation has been turbulent.

In January 2026, President Trump threatened to raise tariffs on Korean autos, pharmaceuticals and other goods back to 25%, citing delays in South Korea's legislative process. In February 2026, the Supreme Court held that IEEPA does not authorize the President to impose tariffs, invalidating the IEEPA-based tariff architecture

that had underpinned the deal. The administration responded by imposing a 10% global tariff under Section 122 of the *Trade Act of 1974*, effective 24 February 2026.

In March 2026, USTR initiated Section 301 investigations into 16 trading partners, including South Korea, covering structural excess capacity in manufacturing — a potential vehicle to reimpose tariff pressure once the Section 122 tariffs expire in July 2026.

On March 12, 2026, the South Korean National Assembly passed the Special Act on Investment in the United States, establishing a state-run Korea-U.S. Strategic Investment Corporation to implement Seoul's \$350 billion investment commitment to the U.S.

### Implications for businesses

Korean exporters to the U.S. face a rapidly shifting and uncertain tariff environment. The IEEPA tariffs that formed the basis of the Deal's preferential rate structure have been invalidated by the Supreme Court; those tariffs have been replaced, at least temporarily, by Section 122 tariffs of 10% (or potentially 15%), which expire in July 2026. Section 301 investigations now create the risk of a further tariff reset later in 2026. Korean exporters should monitor these proceedings closely and engage in the public comment process, where applicable.

## 4. INDONESIA

*Permendag 47/2025 on Renewed Import Prohibitions Framework, issued by the Minister of Trade and effective from 1 January 2026*

### Contents

*Permendag 47/2025* consolidates and updates the prohibited-goods lists. It also establishes a re-importation exception for goods previously exported from Indonesia where customs requirements are met and aligns with *Permendag 16/2025* and *Permendag 23/2025*.

The prohibition goods list includes (a) used clothing, used bags, and used sacks, (b)

hazardous and toxic substances on the B3 list (parts in HS Chapter 38), (c) medical and industrial equipment containing mercury (consistent with the Minamata Convention), (d) certain pharmaceutical and food raw materials not registered with BPOM, (e) traditional/handheld agricultural tools that compete with domestic light-manufacturing output, (f) selected refrigerants and ozone-depleting substances (HCFC/CFC refrigerants), (g) sugar in specified HS classifications, and (h) rice (other than sanctioned under import quotas) and certain refined petroleum products.

*Permendag 47/2025* deals with the 'prohibition' tier of a three-tier framework set out in *Permendag 16/2025*, which is the umbrella import policy regulation establishing the OSS-RBA/SINSW/INATRADE digital, risk-based architecture and replacing *Permendag 36/2023* and *8/2024*.

*Permendag 23/2025* is the consumer-goods commodity-cluster rule requiring Import Approval (PI), Import Notification (IT), and Surveyor Report (LS) at the pre-shipment stage. *Permendag 47/2025* operates as the 'prohibited' carve-out: i.e., goods on listed in *Permendag 47/2025* are barred from import regardless of tier-status, including from free trade zones (KPPBPB), special economic zones (KEK), and bonded storage areas (TPB), subject only to the re-importation exception set out in *Permendag 47/2025*.

### Policy intent

*Permendag 47/2025* refreshes Indonesia's import prohibition framework, with stated objectives of strengthening protection of public health, safeguarding the environment, aligning with customs law, and protecting domestic industries.

### Implications for businesses

Importers should re-validate their tariff-classification mappings against the updated prohibited list. Companies relying on the re-importation exception should update standard operating procedures to ensure they continue to qualify for the exception under *Permendag 47/2025*.

## *Permendag 16/2025 on Import Policy and Arrangements, issued by the Minister of Trade and effective from 29 August 2025*

### Summary of development

*Permendag 16/2025* sets out the umbrella import policy and risk-based framework and is progressively being implemented, replacing the earlier fragmented regime with a digital, risk-based approach paired with stronger post-border oversight via OSS, SINSW, and INATRADE platforms.

Nine commodity-cluster implementing regulations (including *Permendag 17-25 of 2025*) have been promulgated. Importers are now tiered as Low Risk, Medium-Low, Medium-High, or High Risk, with corresponding levels of pre-import approvals (NIB, API-U/API-P), Import Notifications (IT), Import Permissions (PI), and Surveyor Reports (LS).

The OSS-RBA platform (<https://oss.go.id>) issues the underlying business identification and risk classifications; INATRADE (<https://inatrade.kemendag.go.id>) issues PI/IT; and SINSW (<https://insw.go.id>) is the customs single window where LS, PI, and IT are auto-validated against the customs declaration (PIB).

Post-border border supervision is conducted in coordination by the Directorate General of Customs and Excise (DJBC), the relevant technical ministries/agencies, and the Directorate of Trade Order Supervision (Kemendag) based on the Risk Management System. High-Risk importers must satisfy (a) Import Approval (PI) and/or Technical Consideration prior to importation; (b) Pre-shipment Surveyor Report (LS) at specified ports of loading; and (c) physical inspection at designated ports of destination. Low Risk importers may apply for green-lane treatment based on their compliance scores.

### Implications for businesses

Importers should ensure registration in OSS-RBA, INATRADE, and SINSW is current, and that internal compliance teams have visibility on the newly digitalised risk-tiering. Strategic consumer-goods importers should pre-clear surveyor reports (LS) before shipment to avoid Customs Territory entry delays.

## 5. MALAYSIA

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### *Termination of Agreement on Reciprocal Tariffs ("ART") with the U.S., declared on 16 March 2026*

#### Summary of development

Following the U.S. Supreme Court's ruling that the International Emergency Economic Powers Act ("IEEPA") does not authorise the President to impose liberation day tariffs, the Government of Malaysia formally declared the ART "null and void" on 16 March 2026. The Minister for Investment, Trade and Industry had earlier signalled an intent to renegotiate, with Prime Minister Anwar Ibrahim echoing this in January 2026.

#### Implications for businesses

Companies that re-priced or restructured supply chains in reliance on the ART framework should expect a period of tariff uncertainty pending bilateral renegotiation. The USTR Section 301 investigations initiated in March 2026 add a further layer of uncertainty. Businesses will need to monitor these developments closely and potentially adopt a "wait and see" approach and engage in scenario planning exercises in the meantime.

## 6. PHILIPPINES

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### *Bureau of Customs ("BOC") Enforcement Activities — Q1 2026*

#### Summary of development

The BOC delivered a record-setting first quarter for both revenue collection and enforcement output.

In January 2026, the BOC collected PHP 80.744 billion (exceeding its January target by PHP 513 million, reflecting 100.6% efficiency) and recorded 66 successful apprehensions with seizures valued at PHP 886.8 million.

Across the full quarter (1 January – 31 March 2026), the BOC collected PHP 239.05 billion — exceeding the internal target by 1.3% and rising 3.3% year-on-year. Enforcement output was led by anti-smuggling drives and post-

clearance audit activity. The BOC also seized PHP 1.865 billion in illegal drugs between 1 January and 29 March 2026, including a high-profile seizure of PHP 38.6 million worth of illegal drugs at NAIA in March 2026.

#### Implications for businesses

Importers should expect intensified post-clearance audit ("PCA") activity, particularly on tariff classification, customs valuation, and free-trade agreement origin claims. Companies relying on AEO-equivalent ("Authorized Economic Operator") treatment should ensure their compliance programmes are well documented and current.

### *CPTPP Accession Candidacy*

#### Summary of development

The Philippines remains an active candidate for accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("CPTPP"), with engagement continuing under Vietnam's 2026 chairmanship of the CPTPP Commission. Progress this quarter included continued domestic regulatory alignment work but no formal accession working-party decision.

#### Implications for businesses

Exporters to CPTPP markets should monitor CPTPP-equivalence reform proposals (notably in IP, SOE, government procurement, and labour) that the Philippine government will need to advance to support its accession bid.

## 7. SINGAPORE

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### *Multi-Agency Cross-Border Cash Reporting Regime ("CBCRR") Enforcement*

#### Summary of development

Between 13 and 19 January 2026, the Singapore Police Force, Immigration & Checkpoints Authority, and Singapore Customs conducted a coordinated multi-agency enforcement operation across land, air, and sea checkpoints, focused on detecting non-compliance with the Cross-Border Cash Reporting Regime ("CBCRR"). This is the statutory requirement to declare physical cash

exceeding S\$20,000 (or equivalent) when entering or leaving Singapore.

Over 10,000 travellers and 260 vehicles were checked, more than 14,000 pieces of luggage were scanned or searched. Two travellers failed to make declarations under the CBCRR, and in the same week, 70 travellers were caught failing to declare and pay duties on cigarettes, tobacco and alcohol.

### Implications for businesses

This is in line with Singapore's heightened scrutiny at its borders to ensure that it is not used as an illegal transshipment or money laundering hub.

## 8. THAILAND

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### *New Export Licensing System for Dual-Use Items*

#### Contents

From January 2026, exporters must register with the new e-TCWMD system.

Phase 1 of enforcement covers "Category 0" goods — nuclear reactors, robotic arms, natural uranium, and related machinery. The roll-out is expected to expand progressively across all categories by Q2 2026. Penalties under the Trade Controls of Weapons of Mass Destruction ("**TCWMD**") Act B.E. 2562 (2019) range from imprisonment (up to 10 years) to fines (up to 5 times the value of the goods).

#### Policy intent

This is continued implementation of Thailand's TCWMD framework following the enactment of the TCWMD Act in 2019, aligning Thailand with Wassenaar Arrangement-based export-control regimes.

#### Implications for businesses

Manufacturers and exporters of nuclear-related items, advanced robotics, certain machine tools, and dual-use chemicals should register on the e-TCWMD system without delay and conduct internal classification reviews. Companies in advanced manufacturing should

proactively engage with DFT on classification queries before the broader rollout in Q2.

### *Customs Department Bounty Reform, issued December 2025*

#### Summary of development

The Customs Department issued an immediate regulation in December 2025 prohibiting senior officials (Level 9 and above) from receiving shares of fines or seized assets, marking the start of a broader overhaul of the century-old Thai customs "bounty" system. The reform continued through Q1 2026 with further internal guidance.

#### Implications for businesses

The reform is intended to align customs enforcement incentives with rule-of-law principles. Importers should expect a more measured posture from senior officials, although operating-level enforcement intensity remains unchanged. The medium-term direction is reduced scope for bounty-incentivised disputes.

### *Tightened Origin Rules for Free Zone Goods*

#### Summary of development

Thailand's Customs Department tightened local-content criteria for goods produced in free zones to prevent incorrect Thai-origin declarations, particularly for exports to the United States. This tightening was in response to U.S. trade enforcement actions against illegal transshipment.

Thai-origin claims for U.S.-bound goods produced in free-zones have been flagged for scrutiny because the regime had historically permitted relatively low local-value-added thresholds (40%) for claiming Thai-origin.

The 2026 tightening is intended to insulate Thailand from a broader USTR/U.S. CBP scrutiny and investigation.

#### Implications for businesses

Free-zone manufacturers exporting to the U.S. under FTAs or under non-preferential origin claims should re-examine their substantial-transformation analysis and origin-documentation chain and base them on the

U.S. substantial transformation standard. This is highly recommended as the Customs Department has signalled it will heighten scrutiny of origin certificates issued in respect of free-zone production.

## 9. VIETNAM

*Circular 121/2025/TT-BTC — Customs Procedure Amendments, issued by the Ministry of Finance and effective from 1 February 2026*

### Contents

*Circular 121* introduces 68 amendments and supplements to articles, clauses and appendices to *Circulars 38* and *39*, and repeals certain prior legal normative documents.

Some key changes include:

- a) an "indirect consultation" process for customs valuation, allowing importers to engage with customs electronically to clarify declared values, with high-compliance importers eligible to apply this method;
- b) removal of the requirement for importers to undertake "change of usage purpose" customs procedures before re-export — importers may now proceed directly to re-export declarations;
- c) standardisation of transactions between Export Processing Enterprises ("EPEs") and non-EPEs, which are now required to follow standard import/export customs procedures (the On-The-Spot arrangement is no longer applicable).

### Policy intent

The new circular is part of Vietnam's drive to modernise customs procedures and digital integration.

### Implications for businesses

Importers, EPEs, and the broader manufacturing-for-export community should review this development to determine if there is any impact to their operations. Companies with high compliance ratings should evaluate

the indirect consultation pathway as a tool for accelerating the resolution of customs valuation disputes.

*Special Consumption Tax ("SCT") Revised Framework, issued by the Ministry of Finance and National Assembly and effective from 1 January 2026*

### Contents

Revised SCT framework, with implementation guidance under *Decree 360* and *Circular 158*, providing new tariff lines, SCT rates and rate increases, and compliance reporting obligations.

Some SCT rates and rate increases include:

- a) Spirits/liquor with ABV  $\geq$  20% and beer — 65% in 2026, rising 5 percentage points annually to 90% in 2031;
- b) Spirits/liquor with ABV  $<$  20% — 35% in 2026, rising annually to 60% in 2031;
- c) Tobacco — 75% ad valorem plus a specific component starting at VND 2,000 per cigarette pack from 2027, escalating to VND 10,000 per pack by 2031 (and an analogous rising specific component for shredded/pipe tobacco);
- d) Sugar-sweetened beverages with  $>$  5g sugar/100ml — 8% from 1 January 2027, rising to 10% in 2028 (excluded: milk and dairy, infant nutrition, mineral and bottled drinking water, 100% fruit/vegetable juice); and
- e) Air conditioners — adjusted scope and rate table; and (f) other minor amendments across motor vehicles, yachts, gambling-related goods, and select environmentally-impactful items.

### Policy intent

Revision of the SCT framework is meant to target unhealthy goods (alcohol, tobacco, sugar-sweetened beverages) and environmentally impactful goods.

### Implications for businesses

Manufacturers and importers of affected categories should run pricing-impact analyses, refresh end-customer pricing strategies, and

ensure SCT-returns include the updated rates for the various affected tariff lines.

### *Vietnam's CPTPP Chairmanship and Accession Pipeline*

#### Summary of development

Vietnam holds the chairmanship of the CPTPP Commission in 2026, placing it in the lead position to influence the pace and direction of CPTPP accession negotiations during the year. Active accession candidates under consideration include the United Arab Emirates, the Philippines, Indonesia, and Costa Rica (whose accession was advanced at the 9th CPTPP meeting on 20 November 2025).

#### Implications for businesses

Companies with supply chains that could benefit from the expansion of the current CPTPP members should commence early scenario planning for FTA utilisation, origin determination, and preferential treatment claims. Representations should also be made to relevant governments to provide inputs on how the CPTPP could address their trade interests.

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WTS Taxise's international trade practice advises multinational companies on the full range of trade and customs matters, including tariff classification and valuation, customs compliance, free trade agreement utilisation, export controls, trade remedies, and the trade dimensions of cross-border supply chain restructuring. Our practice is integrated with our tax and transfer pricing capability, which is a key differentiator when advising on matters where trade and tax considerations intersect — such as customs valuation, related-party pricing, and supply chain design.

#### Asia Trade Network - Curated Regional Capabilities

A key differentiator is our curated Asia trade network, bringing together specialist trade practitioners across major Asian economies. We have established dedicated capabilities across Singapore, Indonesia, Malaysia, Philippines, Thailand, Vietnam, China, India, South Korea and Japan. This allows us to support clients on multi-jurisdictional trade and

supply chain matters — including tariffs and customs, export controls, free trade agreement strategy, and trade-related tax considerations — with on-the-ground expertise and regional coordination. Our network model means clients receive advice from local specialists who understand the regulatory environment in each market, coordinated by WTS Taxise as a regional hub.

In the current environment of heightened trade policy volatility — including the proliferation of U.S. tariff measures, ongoing Section 301 investigations, supply chain diversification pressures and increased customs enforcement across Asia — our integrated tax and trade capability, combined with our regional network, positions us to help clients navigate complexity and identify opportunities across the region.

- › Customs classification, valuation, origin, and post-clearance audit defence across all major Asia Pacific jurisdictions.
- › Strategic and dual-use export-control compliance programmes (including the Wassenaar Arrangement, MTCR, NSG and Australia Group catalogues, and country-specific lists).
- › Sanctions advisory and enforcement (UN, US OFAC, EU, UK, and Asia Pacific national regimes).
- › Trade-remedy proceedings (anti-dumping, countervailing duty, safeguards) before regional and national investigating authorities.
- › FTA strategy and origin engineering across CPTPP, RCEP, ASEAN+1 FTAs, India's bilateral FTAs, and the EU/UK FTA matrix.
- › Application for U.S. IEEPA tariff refunds as well as design and implementation of U.S. tariff mitigation strategies.
- › Internal investigations, voluntary disclosures, and enforcement-defence in customs and trade-control matters.

#### Imprint

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