What is a Voluntary Export Obligation (VEO)?

A Voluntary Export Obligation is a relatively unknown trade policy tool in which an exporting country commits to exporting a set amount of a specific good to an importing country. VEOs are a variation of the Voluntary Export Restriction tool (VERs) or Orderly Marketing Arrangements, where an exporter limits shipments of a good at the request of the importer.[1] The main difference is that VERs are mainly used to protect domestic industry, while VEOs are used primarily to secure supply chains.

VEOs are generally designed to guarantee the importer a steady supply of critical goods. They are often negotiated during periods of supply chain instability or heightened demand and can play a role in securing access to essential resources.

The Role of VEOs

COVID-19 revealed vulnerabilities and weaknesses along many industry supply chains and as such VEOs can be used to secure supply chains in the post COVID era.[2] Specifically, in the U.S., VEOs can be applied in manufacturing sectors such as automotive, electronics, and industrial machinery, which rely heavily on imported components and materials.[3]

In industries that rely on natural resources that the U.S. lacks, VEOs are also important in securing supply chains that promote American competitiveness. Specifically, critical minerals, industrial metals, semiconductors, and pharmaceuticals supply chains are important to maintaining and promoting American competitiveness.[4]
With the current Administration's goals promote American competitiveness and rebalance the trade deficit,[5,6] VEOs are more likely to be used in the near future to ensure United States has greater market access.

VEO Implementation

Any VEO would most likely be implemented in a way similar to how a VER is put into place. Typically, VERs are negotiated by the Office of the U.S. Trade Representative (USTR), often in coordination with the Department of Commerce (DOC), after domestic industries and Congress pressure the administration to curb import surges. While Congress can legislate quotas or tariffs, it has delegated broad negotiating authority to the President under trade statutes such as the Trade Expansion Act of 1962 and the Trade Act of 1974, allowing the executive branch to secure VERs as executive agreements without formal congressional approval.[7]

The USTR conducts bilateral talks with the exporting country, [8], typically under threat of harsher trade restrictions, while DOC supplies import data, injury analysis, and monitors compliance.[9]
Implementation occurs through the exporting country's own export controls, with U.S. Customs and Commerce tracking adherence for the agreement's duration.

Challenges and Considerations for the Use of VEOs

While VEOs are framed as cooperative agreements that the exporting country implements unilaterally, their implementation can be politically sensitive. Similar to VERs, VEOs may be perceived by some governments as imposed under pressure rather than mutually beneficial. They may be seen, though, as a preferable alternative to other trade barriers, such as tariffs, that the United States might otherwise impose.

This perception can strain relations with partner countries and create tension with American businesses that rely on open market access. In addition, any VEO is likely to face a challenge in the WTO Dispute Settlement Body under Article 11.1(b) of the Safeguards Agreement, as it could be reclassified as an export quota and thus treated as a prohibited VER[10].

1 - Boonekamp, C.F., 1987. Voluntary export restraints. *Finance & Development*, *24*(4), pp.2-5.

2- Ngo, C.N. and Dang, H., 2023. Covid-19 in America: Global supply chain reconsidered. *The World Economy*, *46*(1), pp.256-275.

3- www.ori.io. (2025). ORI Excellence Suite. [online] Available at: https://www.ori.io/ori-blog-posts/american-industries-most-affected-by-chinese-tariffs [Accessed 12 Aug. 2025].

4 - Pisano, G.P. and Shih, W.C. (2009). *Restoring American Competitiveness*. [online] Harvard Business Review. Available at: https://hbr.org/2009/07/restoring-american-competitiveness.

5- The White House (2025a). *Fact sheet: President Donald J. Trump declares national emergency to increase our competitive edge, protect our sovereignty, and strengthen our national and economic security*. [online] The White House. Available at: https://www.whitehouse.gov/fact-sheets/2025/04/fact-sheet-president-donald-j-trump-declares-national-emergency-to-increase-our-competitive-edge-protect-our-sovereignty-and-strengthen-our-national-and-economic-security/.

6 - The White House. (2025b). *Fact Sheet: President Donald J. Trump Restores American Competitiveness and Security in FCPA Enforcement*. [online] Available at: https://www.whitehouse.gov/fact-sheets/2025/02/fact-sheet-president-donald-j-trump-restores-american-competitiveness-and-security-in-fcpa-enforcement/.

7 - Congress.gov. (2025). *Congressional and Executive Authority Over Foreign Trade Agreements*. [online] Available at: https://www.congress.gov/crs-product/R47679.

8 - Office of the United States Trade Representative (n.d.). *Mission of the USTR | United States Trade Representative*. [online] ustr.gov. Available at: https://ustr.gov/about-us/about-ustr.

9 - International Trade Administration | Trade.gov. (2023). *Enforcement and Compliance Careers*. [online] Available at: https://www.trade.gov/enforcement-and-compliance-careers.

10 - World Trade Organization (1994) *Agreement on Safeguards*. 15 April 1994, 1869 U.N.T.S. 154. Available at: https://www.wto.org/english/docs_e/legal_e/25-safeg_e.htm.