

Trump Imposes Section 122 Tariffs After Halting IEEPA Tariffs; Previews New Section 301 Investigations

February 25, 2026

Effective February 24, 2026, the United States imposed a new global 10% tariff under Section 122 of the Trade Act of 1974, while terminating tariffs previously implemented under the International Economic Emergency Powers Act (IEEPA). These developments follow the February 20, 2026, decision by the U.S. Supreme Court invalidating the IEEPA tariffs.

To recap, the Supreme Court issued its decision at 10 a.m. on Friday, February 20, 2026. The same day, President Trump issued three new Executive Orders/proclamations.

First, the President issued an Executive Order directing federal agencies to take immediate steps to halt collection of the invalidated IEEPA tariffs, including:

- Fentanyl- and immigration-related tariffs imposed on Canada
- Fentanyl- and immigration-related tariffs imposed on Mexico
- Fentanyl- related tariffs imposed on China
- “Reciprocal” tariffs imposed worldwide (except on Canada and Mexico) starting April 2, 2025
- Additional tariffs imposed on Brazil
- Tariffs imposed on India related to purchase of Russian energy products (tariffs had previously been removed)
- Tariff authority related to addressing threats by Cuba (tariffs had not yet been imposed)

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- Tariff authority related to addressing threats by Iran (tariffs had not yet been imposed)

While the President did not specify an effective date for termination, U.S. Customs and Border Protection (CBP) then clarified that collection of the IEEPA tariffs would be halted as of 12:00 a.m. on February 24, 2026.

Second, effective 12:01 a.m. on February 24, 2026, the President invoked Section 122 of the Trade Act of 1974 to impose a 10% global tariff to address a “fundamental international payments problem.” By statute, the President can impose a tariff under Section 122, only for 150 days, of up to 15%. The President provided for a number of exemptions from the new duties, generally corresponding to preexisting exemptions from IEEPA duties. The exclusions apply to:

- Certain critical minerals
- Metals used in currency and bullion
- Energy and energy products
- Natural resources and fertilizers not available in sufficient quantities domestically
- Certain agricultural goods
- Pharmaceuticals and pharmaceutical ingredients
- Certain electronics
- Passenger vehicles, light trucks, medium/heavy vehicles, buses, and certain of their parts
- Certain aerospace products
- Information materials, donations, and travelers’ baggage
- Articles and parts that are currently subject to Section 232 national security duties or later become subject to such duties
- USMCA-compliant goods of Canada and Mexico
- Textile and apparel articles that are entered duty-free as goods of countries that are members of the Dominican Republic-Central America Free Trade Agreement

The full list of exclusions may be found at Annex I and Annex II to the proclamation imposing the duties. The duties also are inapplicable to goods that were in transit to the United States on their final mode of transit before February 24, 2026, and which are cleared through customs prior to February 28. However, the duties apply on top of certain preexisting import duties and tariffs, including standard U.S. import duties and Section 301 tariffs applicable to Chinese goods.

On February 23, 2026, CBP issued technical guidance associated with the Section 122 tariffs, confirming that they do not apply to goods that qualify for duty-free entry under provisions of Chapter 98 of the Harmonized Tariff Schedule of the United States (HTSUS), which incorporates a number of specialized duty-free provisions. Previously imposed U.S. import tariffs, including IEEPA tariffs, have generally been inapplicable to goods that qualify for Chapter 98 treatment.

Third, the President issued a proclamation confirming that while the IEEPA tariffs have been terminated, the United States is continuing its suspension of duty-free treatment of “*de minimis*” import shipments. These are shipments of \$800 per day or less to a single importer. Direct-to-consumer e-commerce shipments have traditionally been cleared using the *de minimis* program, and prior to last year’s imposition of IEEPA tariffs, were cleared entirely duty-free. Notwithstanding the invalidation of the IEEPA tariffs, these shipments will continue to owe standard import duties and other applicable non-IEEPA tariffs.

In a press conference held during the afternoon of February 20, 2026, President Trump indicated that the United States would launch investigations under Section 301 of the Trade Act of 1974 as a tool to replace, in whole or in part, the invalidated IEEPA tariffs. The Office of the U.S. Trade Representative (USTR) subsequently issued a press release in which it outlined potential next steps regarding Section 301. USTR indicated that the 301 investigations would address “industrial excess capacity, forced labor, pharmaceutical pricing practices, discrimination against U.S. technology companies and digital goods and services, digital services taxes, ocean pollution, and practices related to the trade in seafood, rice, and other products.” These investigations require consultations with the targeted country, as well as an opportunity for public input. USTR stated that it intends “to conduct these investigations on an accelerated timeframe, in keeping with the Section 301 statute’s substantive and procedural requirements.” USTR also noted ongoing 301 investigations with respect to Brazil and China and stated that the United States would complete these investigations.

USTR further stated that the United States will maintain existing national security duties imposed under Section 232 of the Trade Expansion Act of 1962. Such duties currently cover steel, aluminum, copper, vehicles, and lumber/timber products. The United States will also conclude ongoing Section 232 investigations, which cover products including robots and industrial machinery, personal protective equipment, medical consumables and equipment, wind turbines, uncrewed aircraft systems, polysilicon, pharmaceuticals, and commercial aircraft and jet engines.