

Capital Markets Strategy

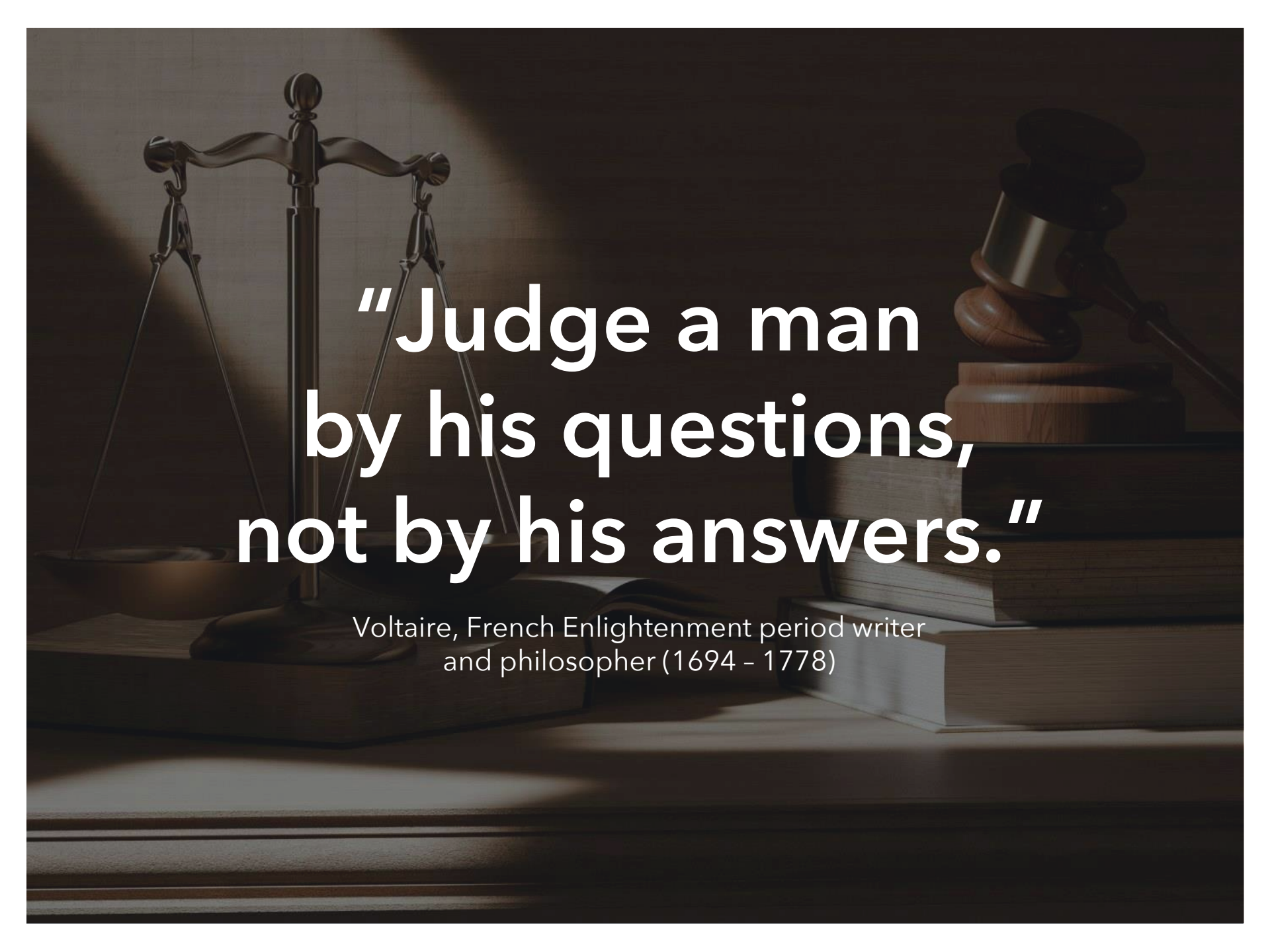
Essential inCights for the C-Suite



Balance of Power

US Courts Pushback on Trump Trade Agenda

JUN 2025



**"Judge a man
by his questions,
not by his answers."**

Voltaire, French Enlightenment period writer
and philosopher (1694 - 1778)

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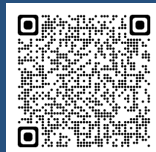


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US Court of International Trade (CIT) Halts Trump Trade Agenda

On Wednesday, May 28, the US Court of International Trade ruled against President Trump's use of the International Emergency Economic Powers Act (IEEPA) to implement his trade agenda. This ruling includes the 30% tariffs on China, 25% tariffs on Canada and Mexico as well as the 10% reciprocal tariffs imposed on the rest of the world.

US Court of International Trade ruling on President Trump tariff policy

"the question... is whether the International Emergency Economic Powers Act of 1977 delegates the authority to lay and collect taxes, duties, imposts and excises powers to the President in the form of authority to impose unlimited tariffs on goods from nearly every country in the world. **The court does not read IEEPA to confer such unbounded authority and sets aside the challenged tariffs imposed thereunder."**



Source: US Court of International Trade.

What Happened?

On Wednesday May 28, The US Court of International Trade (CIT) ruled that the tariffs President Trump imposed under the International Emergency Economic Powers Act (IEEPA) are illegal.



Appeal

- The Trump administration filed notices of appeal and moved to stay the ruling until at least June 9, potentially sending it up to the Supreme Court
- On May 29, a federal appeals court temporarily reinstated the tariffs as it works through the case.



Tariffs impacted

- 30% tariffs on China (previously 145% lowered for 90 days)
- 25% tariffs on Canada & Mexico
- 10% reciprocal tariffs on all other countries
- Additional reciprocal tariffs that were paused for 90 days
- De minimis provision exemption



Tariffs not impacted

- 25% tariffs on steel, aluminum, auto and auto parts (Section 232)
- 25% China tariffs from Trade War 1.0 (Section 301)

Source: US Court of International Trade.

What Comes Next?



Other tariff tools

- The President has alternate tools to use to impose tariffs (Sec 232, 301, 122), though IEEPA was the fastest and gave the most leverage with other nations..



Acceleration of sector-based tariffs

- Additional use of Section 232 to impose tariffs on semiconductors, pharma, aircraft, critical minerals, copper, lumber
- Investigations already underway
- On June 4, President Trump increased steel & aluminum tariffs from 25% to 50%













Increased uncertainty

- Legality of tariffs used in negotiations for trade deals (UK, Japan, India, EU)
- China would be largest near-term beneficiary from undoing of IEEPA tariffs
- Trade partners exposed to cars, steel, aluminum remain at risk
- Risk to \$2tn of revenue to help pay for tax bill

Status Update on Sectoral Tariffs

President Trump used Section 232 of US trade law to impose sector based tariffs during both Trade War 1.0 and Trade War 2.0. The Section 232 tariffs implemented on steel, aluminum, autos, and auto parts are not impacted by the recent court ruling.

Sectors targeted in Trade War 2.0





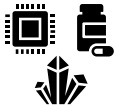

Sector	Public comment period	Implementation status
 Steel	N/A	50% tariffs in effect
 Aluminum	N/A	50% tariffs in effect
 Auto & auto parts	N/A	25% tariffs in effect
 Copper	Ended April 1	Investigation pending
 Lumber & timber	Ended April 1	Investigation pending
 Semiconductors	Ended May 7	Investigation pending
 Pharmaceuticals	Ended May 7	Investigation pending
 Critical minerals	Ended May 16	Investigation pending
 Trucks	Ended May 16	Investigation pending
 Aircraft	Ended June 3	Investigation pending

Source: Veda Partners (Treyz). Data as of June 5, 2025.

Legal Status of Trump Trade War 2.0

If the ruling regarding the IEEPA provision stands, trading partners highly exposed to sector based tariffs reliant on Section 232 would be more vulnerable (i.e., steel, aluminum, auto).

Status of Trade War 2.0 tariff policy

Tariff	Trade law provision used	Used under Trade War 1.0?	Used under Trade War 2.0?	
 10% universal tariffs	Section 203, International Emergency Economic Powers Act of 1977 (IEEPA)	No	Yes	Blocked by US Court of International Trade, temporarily reinstated
 11%-145% reciprocal tariffs	IEEPA	No	Yes	
 30% China tariffs, 25% Canada & Mexico	IEEPA	No	Yes	
 25% sector-based tariffs on steel, aluminum, auto	Section 232, Trade Expansion Act of 1962	Yes	Yes	Not impacted by court ruling
 Additional sector-based tariffs	Section 232, Trade Expansion Act of 1962	Yes	Yes	
 Policy based	Legal code TBD	No	No	

President Trump's Trade Policy Toolkit

Summary of policy toolkit available to the President

Trade law provision	Purpose	Used under Trade War 1.0	Used under Trade War 2.0	Investigation required	Process
Section 203, International Emergency Economic Powers Act of 1977 (IEEPA)	Unusual and extraordinary threats	No	<ul style="list-style-type: none"> China tariffs Canada & Mexico tariffs Reciprocal tariffs 	No	Allows for tariff implementation after a “national emergency” is declared
Section 338, Tariff Act of 1930	Discrimination against US goods	No	No	No	Allows punitive tariffs up to 50% or blocking imports from offending countries, up to President’s discretion
Section 122, Trade Act of 1974	Balance of payments issues / dollar stability	No	No	No	President can impose 15% tariffs for 150 days, intended for short-term crises

President Trump's Trade Policy Toolkit

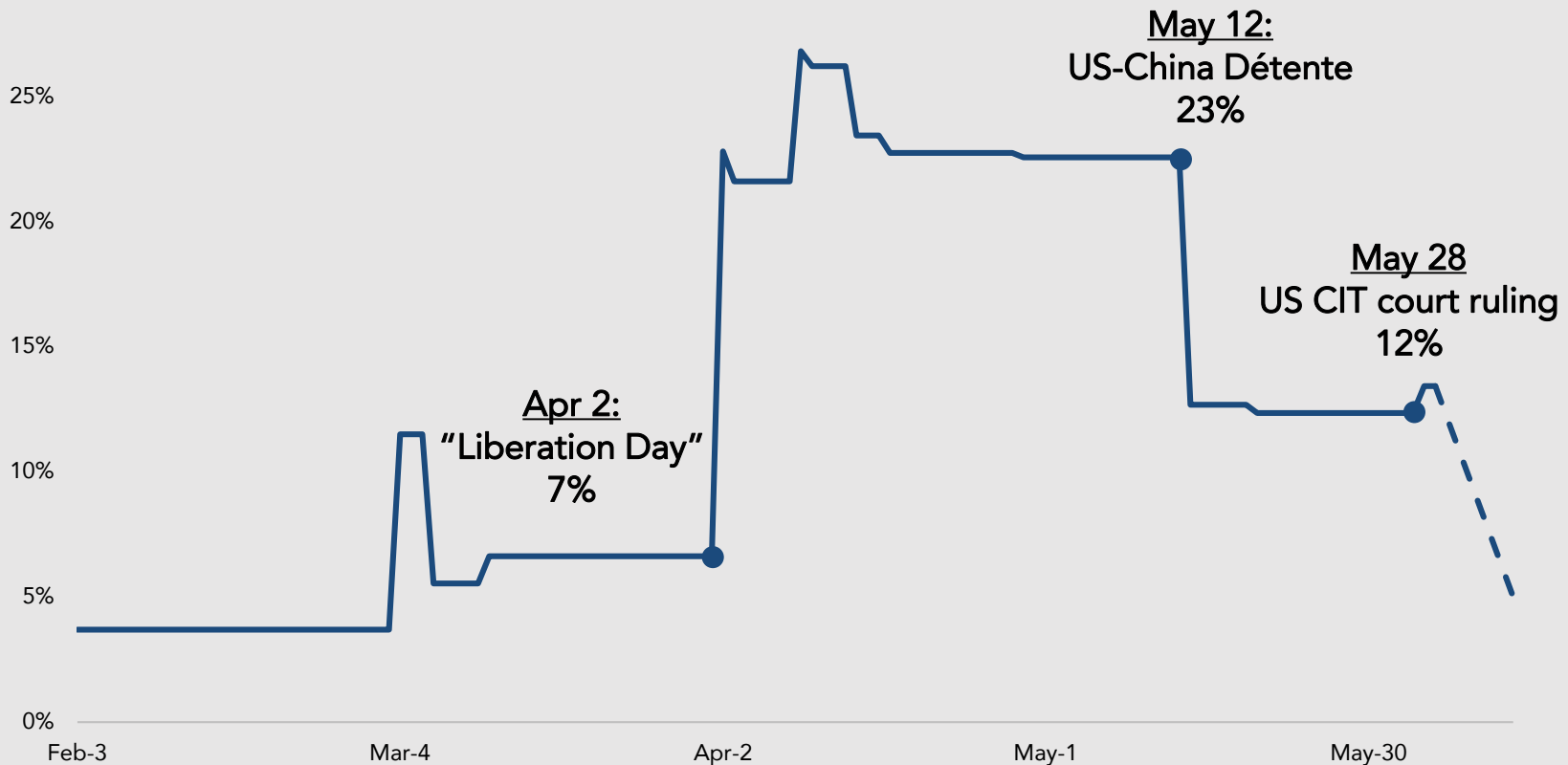
Summary of policy toolkit available to the President

Trade law provision	Purpose	Used under Trade War 1.0	Used under Trade War 2.0	Investigation required	Process
Section 301, Trade Act of 1974	Unfair trade practices	China tariffs	No	Yes	Reports within 12 months, President can impose tariffs
Section 232, Trade Expansion Act of 1962	National defense & economic security	Steel & aluminum tariffs	Steel, aluminum, auto tariffs	Yes	Reports within 270 days, President decides within 90 days on tariffs
Section 201, Trade Act of 1974	Industries injured by import surges	Washing machine & solar panel tariffs	No	Yes	Report to President within 180 days, President has 60 days to act, measures can be applied up to 4 years

Effective US Tariff Rate Back to Pre-Liberation Day Levels

The May 28 US CIT ruling would reduce the effective US tariff rate to below 5%, from a high of almost 30% last month, according to Bloomberg Economics. If the ruling holds, the stagflationary impact from tariffs would be significantly reduced, though the scope to use tariffs to raise tax revenue and lower the fiscal deficit would also be reduced.

Estimated effective US tariff rate

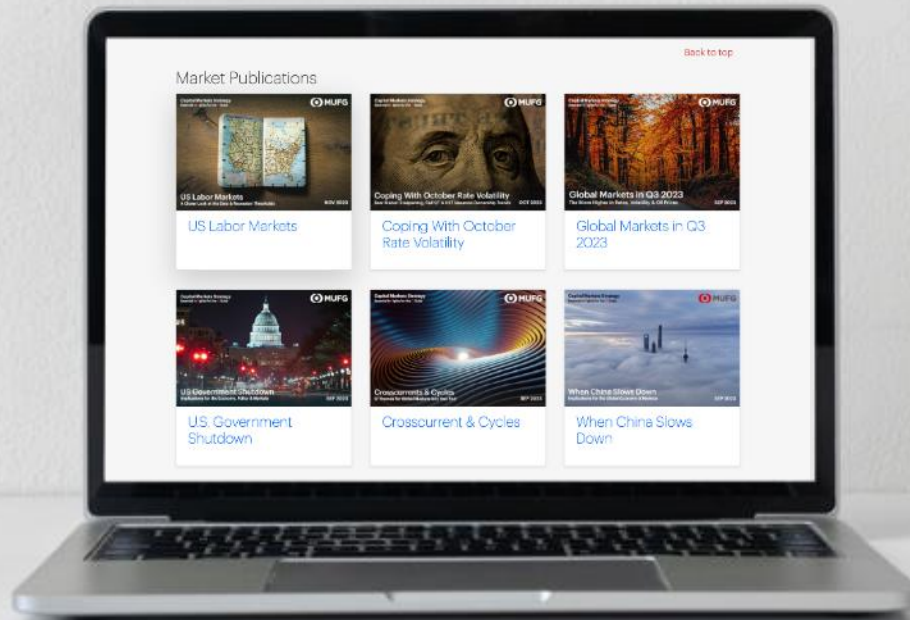


Source: (1) Bloomberg. Data as of June 5, 2025. Effective tariff is the total average tariff rate on all US imports using the 2024 trade composition from US Census Bureau data.



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Role

Tom Joyce is a Managing Director and Capital Markets Strategist within MUFG's global capital markets and investment banking business. Based in New York, Tom heads a team that creates customized analytical content for multi-national S&P 500 companies. His team provides in depth analysis on the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

Experience

Tom has over 30 years of Investment Banking experience in New York, London, Hong Kong, and San Francisco. Tom created and built the Capital Markets Strategy role, advising corporate C-Suite executives (Boards, CEOs, CFOs, and Treasurers) on the pervasive macro forces driving markets. Tom also presents at dozens of corporate events each year including Board meetings, CEO ExCo sessions, CFO and Treasury off-sites, corporate leadership events and conferences.

Education

Tom's educational background includes a year of study at Oxford University from 1991 - 1992, a Bachelor of Arts in Political Science from Holy Cross College in 1993, and a MBA from Kellogg Business School, Northwestern University in 2000.

Personal

Tom resides in New Canaan, CT with his wife and four sons, where he previously served on the Board of Trustees of the New Canaan Library. Tom also serves on the President's Council of Holy Cross College.

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Role

Stephanie Kendal is a Vice President in MUFG's Capital Markets Strategy group within the global capital markets and investment banking business. The team provides market based content for corporate clients to assist in strategic decision making. Focus areas include the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

Experience

Stephanie has spent nearly eight years as a Capital Markets Strategist. She is an active member of the University of Michigan recruiting team and is focused on the diversity recruiting effort at MUFG. Stephanie is also a part of MUFG's DEI, Culture & Philanthropy (DCP) Council.

Education

Stephanie graduated with honors from the University of Michigan's Ross School of Business with a BBA .

Personal

Stephanie is involved in NYC's iMentor program, mentoring high school students with their journey to college graduation. She also volunteers at Experience Camps, a free summer camp program for grieving children, as the associate program director.



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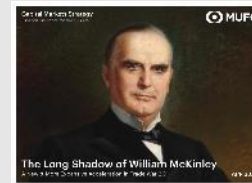
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Experience

Angela previously interned at MUFG working in Capital Markets within the Equity Capital Markets and Leveraged Finance divisions. She is also an active member of the Carnegie Mellon University recruiting team.

Education

Angela graduated with honors from Carnegie Mellon University's Tepper School of Business with a BS in Business Administration with an additional major in Statistics and a minor in Media Design. She was a member of Alpha Kappa Psi business fraternity and the Undergraduate Entrepreneurship Association.



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