

# Policy Note



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## 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 auto	Section 232, Trade Expansion Act of 1962	Yes	Yes	Not impacted by court ruling
50% sector-based tariffs on steel & aluminum	Section 232, Trade Expansion Act of 1962	Yes	Yes	
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"> <li>China tariffs</li> <li>Canada &amp; Mexico tariffs</li> <li>Reciprocal tariffs</li> </ul>	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
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

### Global Corporate & Investment Banking Capital Markets Strategy Team



**Tom Joyce**  
Managing Director  
Tom.Joyce@mufgsecurities.com  
(212) 405-7472



**Stephanie Kendal**  
Vice President  
Stephanie.Kendal@mufgsecurities.com  
(212) 405-7443



**Angela Sun**  
Associate  
Angela.Sun@mufgsecurities.com  
(212) 405-6952

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