

## U.S. trade developments: IEEPA tariffs end, but will new Section 301 tariffs follow?

March 24, 2026

A month ago, the Supreme Court of the United States ruled that the *International Emergency Economic Powers Act* (IEEPA) does not authorize the president to impose broad-based tariffs, a decision outlined in our [recent insight](#). But that was never expected to be the end of the tariff story.

And it was not.

Four days after the ruling, President Trump implemented a 10-per-cent worldwide tariff under Section 122 of the *Trade Act of 1974* (Trade Act 1974). Goods compliant with the Canada-United States-Mexico Agreement (CUSMA) will not be subject to this tariff. These tariffs are time-limited and are set to expire on July 24, 2026. Of course, that was never going to be the end of the tariff story, either.

And it was not.

On March 11, 2026, the United States Trade Representative (USTR) initiated investigations under Section 301 of the Trade Act 1974 into policies and practices of its trading partners. The object is to assess the extent to which "structural excess capacity" and subsidies constitute unfair trading practices that should be addressed through specific measures. The European Union (EU) and 15 individual countries are subject to the investigation: China, Singapore, Switzerland, Norway, Indonesia, Malaysia, Cambodia, Thailand, South Korea, Vietnam, Bangladesh, Mexico, Japan, and India. A day later, USTR initiated a separate set of Section 301 investigations, alleging failure on the part of various economies to deal with goods produced with forced labour. The investigation targets 60 countries – Canada among them.

### **Nice trade you got there. Shame if something happened to it.**

Unlike IEEPA, Section 301 comes with a clear process – and a long track record.

For USTR, Section 301 is the go-to-tool for dealing with what it sees as unfair trade. USTR investigates whether another country's laws, policies, or practices discriminate against U.S. commerce or place an unreasonable burden on it.

USTR can start an investigation on its own initiative or in response to a petition from industry. If a petition is filed, the USTR has 45 days to decide whether to proceed. In this instance, the USTR launched the investigation on its own initiative.

Once an investigation begins, the USTR must first seek consultations with the government concerned. In theory, this encourages a negotiated solution. In practice, consultations do not always resolve the dispute – and when they don't, things escalate.

## **How a Section 301 investigation unfolds**

Each Section 301 investigation is handled by a dedicated committee operating under the Trade Policy Staff Committee (TPSC). The process includes:

- public notice of the investigation;
- opportunities for written submissions and public comment; and
- a public hearing where stakeholders can make their case.

Following this process, the committee makes recommendations to the USTR on whether action is warranted – and if so, what form it should take.

If USTR concludes that a foreign country's conduct is actionable, the statute gives it a wide range of options, including (at the president's direction):

- suspending trade concessions or benefits;
- imposing duties or other import restrictions (including quotas);
- withdrawing preferential tariff treatment; or
- negotiating binding agreements to eliminate or modify the offending practice.

The reach is broad. USTR does not have to limit its response to the specific product or sector involved in the underlying conduct. Any measures imposed must only be "equivalent in value" to the harm caused to U.S. commerce.

## **This is not a dormant power**

Section 301 is not used lightly. But when used, the effects are significant.

During President Trump's first term, Section 301 investigations into China resulted in tariffs on hundreds of billions of dollars' worth of goods. Many of those tariffs remain in place today.

## **What this means for Canadian businesses**

For now, CUSMA-compliant goods remain exempt from the temporary 10 per cent tariff imposed under Section 122. That protection matters, and it should not be taken for granted.

Canada is now directly within the scope of at least one Section 301 investigation. And unlike the Section 122 tariff, Section 301 measures are not temporary by default.

The sectors most likely to feel the effects include:

- automotive and transportation;
- technology and electronics;
- energy and materials; and
- industrial goods.

Even where Canadian exports are not directly targeted, supply chains that touch other investigated economies may be.

Canadian exporters should not assume this will resolve itself quietly. In light of these developments, Canadian businesses may wish to consider the following next steps:

- consider CUSMA eligibility and documentation. Maintaining tariff-free treatment depends on it.
- map supply chains to identify exposure to countries under investigation.
- monitor USTR proceedings, including public consultations and interim reports, for early signals of potential measures.
- consider engagement opportunities, particularly where Canadian interests may be affected by sector-specific action.

[BLG's International Trade and Investment group](#) continues to monitor these developments closely and is available to assist clients in assessing exposure, navigating compliance requirements, and developing strategic responses to evolving U.S. trade enforcement measures.

For more information, please reach out to the key contacts below.

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