

# Inter-Office Memo



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TO: International Executive Board  
FROM: Legislative Department  
SUBJECT: Weekly Legislative Update on the Trump Administration

## 1) TRADE & MANUFACTURING

### *RECIPROCAL TARIFFS REPEALED*

With a 6-3 vote, the Supreme Court [struck down](#) President Trump’s sprawling and unprecedented use of the International Emergency Economic Powers Act (IEEPA) to impose broad tariffs on nearly every country. The widespread IEEPA “reciprocal” tariffs were first imposed by Trump on “[Liberation Day](#)” in April 2025 purportedly to address the large U.S. trade deficit. Over the past year, the reciprocal tariffs have remained intact, but were significantly rolled back by the Trump Administration as it reached Agreements on Reciprocal Trade (ARTs) with dozens of countries to reduce the tariffs in exchange for various concessions – a recent example of which is detailed below.

### *IMMEDIATE IMPACT*

After the Court’s decision, Trump signed a proclamation to [reimpose a temporary 10% global tariff](#) on February 24<sup>th</sup> (mirroring the 10% baseline he imposed under IEEPA) using different authority under [section 122](#). This 10% tariff only lasts until July 24, 2026 (150 days) and maintains many of the previous IEEPA exemptions by not applying to most auto imports,<sup>1</sup> USMCA-compliant goods, and goods covered by section 232 tariffs. The proclamation also directs the U.S. Trade Representative to use section 301 to initiate [new trade investigations](#) to impose higher tariffs for unfair trade practices. This means that the administration will attempt to reimpose the previous tariff rates using various tools, with Treasury Secretary Scott Bessent [saying](#) “we will get back to the same tariff level for the countries, it will just be in a less direct and slightly more convoluted manner.” A day later, Trump said on [social media](#) that he would raise the new 10% tariff to 15%, but as of this writing an updated proclamation has not been published.

The Supreme Court did not address whether or how the tariffs need to be refunded – leaving lower courts to sort out the mess. Because of all this uncertainty, the repeal is unlikely to result in an immediate change in investment or prices by companies. In the meantime, until the administration reimposes the previous tariff rates in full, imports from China are likely to benefit most from the repeal. Unlike other major trading partners, most of the products that China exports to the U.S. were covered by the IEEPA tariffs – accounting for the [most tariff revenue from any country](#) under IEEPA.

### *SECTORAL TARIFFS LARGELY UNAFFECTED*

The Court’s decision does not impact existing sectoral tariffs on auto, steel & aluminum, and heavy truck imports which were imposed under different legal authority (section 232). The Legislative Department is currently analyzing the proclamation to determine whether the new 10% tariff might impact certain auto,

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<sup>1</sup> The [proclamation](#) states that the 10% tariff does not apply to “passenger vehicles, [certain](#) light trucks, [certain](#) medium- and heavy-duty vehicles, buses, and [certain](#) parts of passenger vehicles, light trucks, medium- and heavy-duty vehicles, and buses.” (emphasis added).

heavy truck, and steel & aluminum imports.<sup>2</sup> Additionally, we are closely monitoring how the administration proceeds with the 15% auto tariff rate that it negotiated with Japan and South Korea and the 10% rate it negotiated with the United Kingdom as part of broader trade deals last year. It is unclear at present whether those deals will remain intact because the threat of high IEEPA tariffs was instrumental in securing the agreements.

The Commerce Department released its [2025 report](#) on trade data, which shows that Mexico, Canada, and China remained the U.S.'s largest trading partners. The data also reveals positive signs from the auto tariffs, as combined imports of autos and parts decreased by 11% (\$52 billion). Auto imports last decreased in 2020 as a result of the COVID-19 pandemic.

The Trump Administration reached a [trade deal with Indonesia](#) to reduce the reciprocal tariff on Indonesia imports from 32% to 19% for most products. Due to the Supreme Court decision, this rate will likely temporarily fall to 10%. The deal will also institute a tariff rate quota, allowing for a 0% tariff on a to be determined amount of textile imports from Indonesia. Like other agreements reached by the Trump Administration, the deal requires Indonesia to accept U.S. vehicle safety and emissions standards – which is intended to facilitate U.S. auto exports. Unlike most deals reached by the administration, this agreement contains stronger [labor enforcement provisions](#) that require Indonesia to prohibit goods produced with forced labor and recognize and enforce labor rights.

## 2) IMMIGRATION

The Department of Homeland Security (DHS) Office of the Inspector General (OIG), an independent office responsible for audits and internal investigations for the agency, [warned](#) that a lapse in funding for DHS could hamper active investigations. While approximately 60% of the OIG's workforce is furloughed, the OIG will not be able to continue most of its audit and oversight reviews, many of which deal with actions by Immigration and Customs Enforcement (ICE).

## 3) CONGRESS

The federal government remains in a partial government shutdown, which has been in effect since February 14 and impacts only DHS. Although Congress was out of session this week, negotiations between Democratic leaders and the White House over potential guardrails on ICE continued behind the scenes. Details of the negotiations have been sparse, but they appear to be hitting a wall – both sides have [described](#) the other side's offers as "unserious." Democratic leaders have [maintained](#) that their top priorities are to end roving patrols and place limits on masked agents and use of administrative warrants.

President Trump will give his State of the Union address to Congress on Tuesday, February 24 at 9pm ET.

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<sup>2</sup> For products covered by the section 232 tariffs, the proclamation provides that the new 10% tariff applies to the portion of an import that is not covered by section 232. Since the auto and heavy truck tariffs only apply to the non-U.S. content of the import, this means that the new 10% tariff may apply to the U.S. content of certain auto and heavy truck imports.