



Compliance advisory

REV1 / 2026.02.26 / EMVR-SUKO

U.S. tariffs update

IEEPA is the past - Section 122 is the present

U.S. Customs and Border Protection (CBP) has officially suspended the collection of tariffs under IEEPA. At the same time, new temporary duties have been introduced under Section 122 of the Trade Act of 1974. Below is a clear overview of what this means for importers.

Section 122 - key framework

Section 122 grants the President authority to impose temporary tariffs, subject to the following statutory limitations:

- > The ad valorem rate cannot exceed 15%
- > The tariffs may only remain in force for up to 150 days
- > Any extension beyond 150 days requires Congressional approval

Current rate

- > 10% ad valorem
- > A potential increase to 15% has been indicated, but no formal amendment has been issued at this stage.

Section 122 applies to imports from all countries.

Exemptions under Section 122

Several important exemptions apply.

Goods in transit

Products are exempt if:

- > They were loaded onto a vessel and in transit before 12:01 a.m. EST on 24 February 2026, and
- > They are entered for consumption before 12:01 a.m. EST on 28 February 2026.

Civil aircraft and parts

Articles of civil aircraft (non-military), including:

- > Aircraft
- > Engines
- > Parts and components
- > Ground flight simulators

Section 232 items

Products already subject to Section 232 measures remain outside the scope of the Section 122 surcharge.

Annex II products

Products listed in Annex II are exempt. Importers should review the official Annex II list carefully to confirm product-level eligibility.

Free-trade agreements

- > USMCA-qualified goods (Canada and Mexico)
- > Textiles and apparel meeting origin requirements under DR-CAFTA

Other exemptions

- > Donations intended to relieve human suffering
- > Informational materials
- > Chapter 98 entries (e.g. qualifying U.S. goods returned)

Agricultural products

Specific agricultural products are exempt, including (among others):

- > Etrogs
- > Certain frozen tropical fruit
- > Acai and acai-based products
- > Specific citrus juices
- > Coconut water and coconut-based beverages
- > Religious-use food products and essential oils

Correct classification and documentation remain essential.

Duty drawback

Drawback is available for duties paid under Section 122.



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Key Difference: IEEPA vs. Section 122

Although Section 122 appears similar to the previous IEEPA framework, there are important structural differences.

	IEEPA (reciprocal)	Section 122
Scope	All countries	All countries
Base rate	10% or country-specific	10% (possible 15%)
Duration	Indefinite (under emergency powers)	Maximum 150 days
Cap mechanism	Yes (in certain cases)	No cap
Congressional approval	Not required	Required for extension

No cap mechanism under Section 122

Under IEEPA, some reciprocal tariffs operated with a combined duty cap. For example, certain EU goods were subject to a 15% maximum combined rate (MFN + IEEPA tariff). Section 122 does not include such a cap.

This means: The additional 10% applies irrespective of the existing MFN duty rate.

For some importers this results in a lower total rate compared to former country-specific IEEPA tariffs. For others, the absence of a cap may increase the total duty burden.

Each case must therefore be evaluated individually.

Countries previously subject to reciprocal measures

Countries previously subject to higher reciprocal tariffs (e.g. Malaysia, Cambodia, Thailand, Argentina, EU, Taiwan, Vietnam, etc.) are now generally subject to the 10% Section 122 rate.

However:

- › Not all products may fall under Annex II exemptions
- › Previous “aligned partner” adjustments may not fully carry over
- › Product-level review remains necessary

We are continuing to analyse the revisions and will provide updates as developments occur.



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Immediate action recommended

We recommend that importers:

- › Review prior quotations that included duty and tariff calculations
- › Reassess landed cost calculations
- › Confirm product classification accuracy
- › Verify Annex II applicability
- › Evaluate drawback opportunities
- › Assess exposure under the 150-day timeframe

The regulatory landscape remains dynamic, and further guidance from CBP may follow.

How Blue Water can support you

Our Customs & Compliance specialists are closely monitoring developments and analysing the practical impact across industries and trade lanes.

We can assist with:

- › Product-level tariff impact assessments
- › Review of quotations and recalibration of duty calculations
- › Annex II eligibility review
- › FTA qualification checks
- › Drawback analysis
- › Strategic guidance on short-term and mid-term planning

If you would like a tailored assessment of how Section 122 affects your supply chain, please contact your Blue Water representative.

This advisory is provided for general informational purposes and does not constitute legal advice.