ASIA • TARIFFS Asia

Trump warns countries they could face something ‘far worse’ if they try to renegotiate trade deals. What options do they have?

By **Nicholas Gordon**
Asia Editor

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U.S. President Donald Trump warned trading partners not to use the Supreme Court's recent decision invalidating his emergency tariffs as a reason to renegotiate trade agreements, insisting he could impose "far worse" terms using other legal powers.

President Donald Trump applauds a guest during his State of the Union address in the House Chamber of the U.S. Capitol, Feb. 24, 2026.

TOM WILLIAMS—CQ-ROLL CALL, INC/GETTY IMAGES

Several governments have reached deals with the Trump administration that cut U.S. tariffs in exchange for investment commitments and lower barriers for U.S. imports. Yet Friday's Supreme Court ruling wiped out tariffs imposed under the International Emergency Economic Powers Act (IEEPA), removing the main incentive for several of those agreements. Trump's new universal tariff of 10%, imposed under a different process, complicates things further.

At his State of the Union address on Feb. 24, Trump called the court's decision "disappointing" and "unfortunate," but claimed that "almost all countries and corporations want to keep the deal that they already made," adding that the "legal power that I as president have to make a deal could be far worse for them."

Trump's remarks underscore the dilemma now facing U.S. trade partners, some of whom unveiled agreements just a few weeks ago. (Indonesia, with particularly unlucky timing, unveiled its agreement on Feb. 19, the day before the court's ruling.) Governments spent months hammering out accords with Washington, sometimes making politically unpopular concessions and promises to get a deal over the finish line.

Countries could try to suspend or renegotiate their trade deals, but that risks provoking higher tariffs from an angry White House. Or they can keep the agreements in place—even if that means their goods will get higher tariffs than other countries—and yet still be at risk of new tariffs from Trump anyway.

"It is highly likely that trade deals currently under negotiation will be put on ice," says Eswar Prasad, a professor of international trade policy at Cornell University. "Presumably, no U.S. trading partner would want to make concessions that carry both economic and domestic political costs without any clarity about whether the deals will stick or be overridden by a new tariff regime."

Some governments may choose to keep what gains they’ve already won from Washington. “Countries that received specific carve-outs on important sectors, especially for autos, auto parts, trucks, and truck parts—like Japan, South Korea, the EU, and possibly the U.K.—will probably not be keen to invalidate their existing deals, because they see them as a key deliverable that matters,” Deborah Elms, head of trade policy at the Hinrich Foundation, points out.

But even if governments do not publicly renounce these agreements, they can quietly slow their implementation on conditions like transshipment and deregulation. “None of these deals are actually in force,” Elms notes. “They only come into force after both parties certify that they are in force. That could be some period of time away.”

For now, most countries are adopting a wait-and-see approach to U.S. trade policy. India has postponed trade talks to “study the implications” of the Supreme Court ruling. Japan and South Korea, which already have agreements in place, say they are monitoring developments, while Indonesia stressed that its deal has yet to be ratified.

Beijing said it would conduct a “full assessment” of the decision and urged Washington to remove what it called “unilateral” tariffs. Trump is scheduled to visit China from March 31 to April 2.

"China will almost certainly toughen its stance in forthcoming trade negotiations with the U.S., as Trump's tariff weapon has now been weakened and blunted," Prasad says. "Beijing is no doubt strategizing about how to use this ruling to its advantage while not overplaying its hand.

A tariff 'patchwork'

Even after the Supreme Court's ruling, Trump retains significant authority to impose tariffs under other statutes. On Tuesday, a universal 10% tariff under Section 122 of the 1974 Trade Act took effect; this provision allows the president to impose duties without congressional approval for up to 150 days to address balance-of-payments problems. Trump has already signaled that he plans to raise that rate to 15%, the legal maximum.

"We foresee ever higher complexity in terms of U.S. trade policy," William Bratton, head of cash equity research, APAC, at BNP Paribas, wrote in a Monday note. "It is likely that the IEEPA tariffs will be replaced by an increasing patchwork of various tariffs targeted at specific countries and product groups."

Elms is particularly concerned about two tools: Section 232 tariffs, which allow the president to tax imports deemed vital for national security, and Section 301 tariffs, which permit tariffs in response to unfair trade practices. These authorities provide alternative, if slower, pathways for the administration to impose new taxes on U.S. imports.

The Trump administration has applied a broad definition of "national security," covering products ranging from steel and aluminum to critical minerals. "I imagine the Trump administration will, in the next 150 days, roll out more Section 232s,” Elms says.

U.S. officials are considering new national security tariffs on goods like large-scale batteries, industrial chemicals, and telecoms equipment, among other products, the *Wall Street Journal* reported on Monday, citing unnamed sources.

Section 301 tariffs could prove even more problematic. Currently, only China and Brazil are subject to Section 301 investigations, yet U.S. Trade Representative Jamieson Greer said Friday that he expects to launch several more investigations targeting a wide range of different practices.

Elms suggests that the United States could argue that a country refusing to comply with a trade agreement—even one originally sparked by tariffs later deemed illegal—is engaging in “unfair” trade practices, exposing it to Section 301 duties. “Where the catch-22 comes in is, if you are not implementing the agreement that you signed with the U.S., to the full and complete satisfaction of the U.S., you are therefore out of compliance, and you are practicing unfair trade,” she warns.

“This is not a crew that is terribly fussed about hypocrisy,” she says.

About the Author

By **Nicholas Gordon**
Asia Editor

Nicholas Gordon is an Asia editor based in Hong Kong, where he helps to drive *Fortune*’s coverage of Asian business and economics news.

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