

## 'Murky Waters' for Global Businesses After Trump's Tariff Loss

Even after the Supreme Court invalidated many of the president's levies, foreign leaders and executives assume that U.S. tariffs are here to stay, in one form or another.

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**By Patricia Cohen**

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The watershed U.S. Supreme Court ruling on Friday that struck down President Trump's go-to method of imposing tariffs upended a cornerstone of the administration's trade policy, heaping additional uncertainty on trading partners and businesses across the globe.

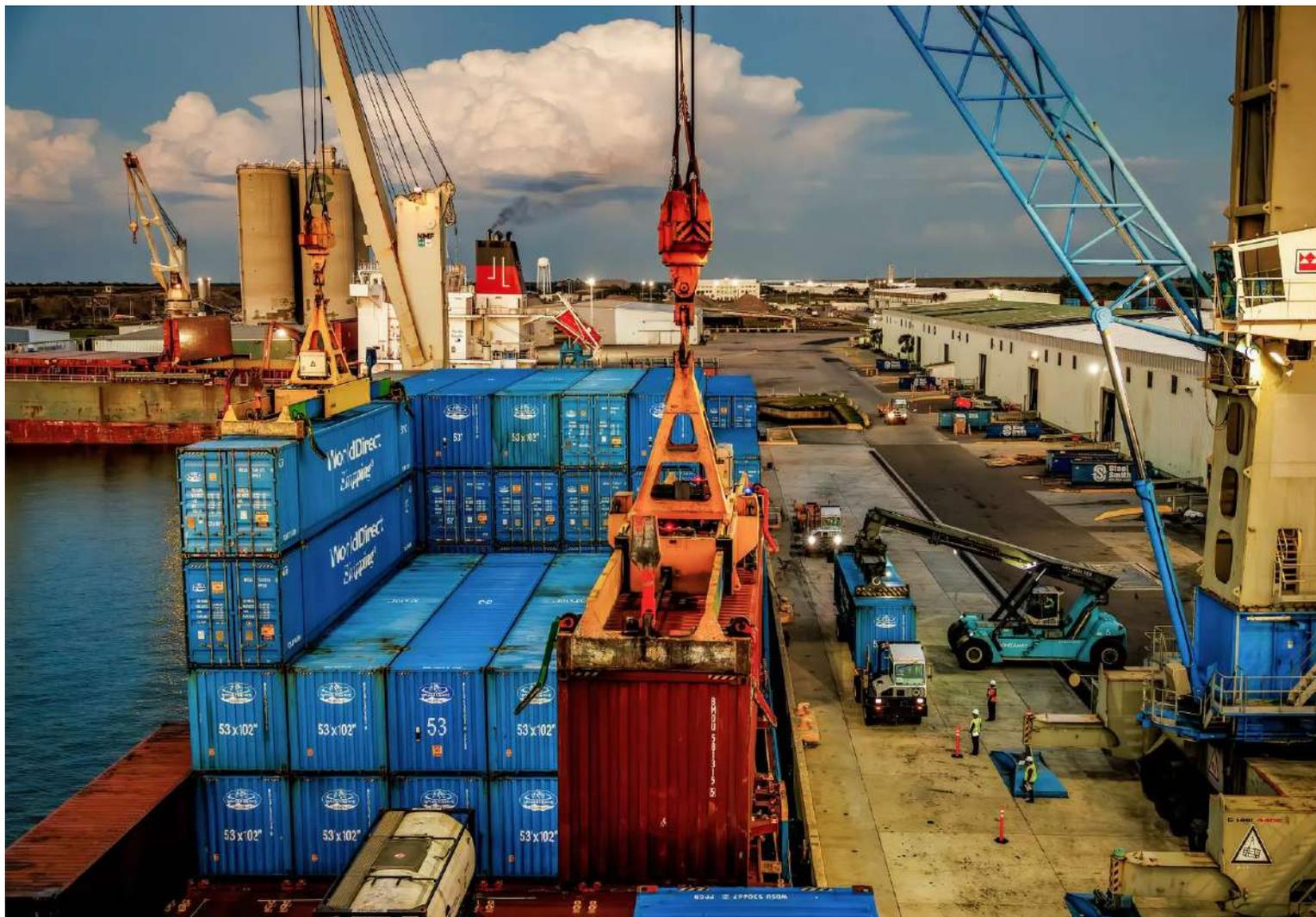
Just how this latest jolt will affect international commerce and filter down to prices, jobs and growth in countries around the world remains a big question mark. So far, the global economy has proved resilient amid the political and economic turmoil wrought by Mr. Trump's unpredictable trade moves since he took office last year.

At the moment, most economists are betting that, whatever the legal consequences, U.S. economic policy will not shift meaningfully. Foreign leaders and business executives are, for the most part, operating under the assumption that as long as Mr. Trump is in office, tariffs are here to stay in one form or another.

On Friday, in a news conference after the Supreme Court ruling, Mr. Trump said he would invoke a portion of law known as Section 122, which no president has ever used, to impose an across-the-board 10 percent tariff starting in a matter of days. Then on Saturday, Mr. Trump, in a post on Truth Social, said that he would raise his new, global tariff to 15 percent.

"The Supreme Court ruled on constitutional limits, not trade policy," Carsten Brzeski, the global head of macro for ING Research, wrote in a note. "Trump's tariff agenda survives with new legal foundations and a messy transition period."

Mr. Brzeski and several other analysts said they did not expect to immediately alter their forecasts for global growth and trade because of the Supreme Court's decision.



Analysts and traders are weighing how the ruling could affect the United States' swelling debt. Tariffs have brought in more than \$200 billion since April. Scott McIntyre for The New York Times

Mr. Trump may not be able to impose tariffs as rapidly or broadly as he has to date, using a 1977 law that gives the president emergency powers. There are other provisions he can use to issue more targeted tariffs, either on his own or in concert with the Republican-controlled Congress.

Foreign governments, so far, have been circumspect in their public comments, saying they were reviewing the decision and its potential impact.

But as tempting as it might be for U.S. trading partners to contemplate reopening tariff negotiations, policy analysts said most were unlikely to take that route. For starters, the chances of wrangling a better deal are slight, and merely asking to renegotiate might irk a president who has already admitted that his policy decisions are sometimes made out of pique.

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Mr. Trump, for example, admitted that he raised tariffs on Switzerland to 39 percent, from 31 percent, because the Swiss president “rubbed me the wrong way.”

Additionally, as unsettling and unwelcome as U.S. tariffs have been, the current rates at least have the virtue of eliminating some of the uncertainty that enveloped businesses and governments last year, when Mr. Trump's tariff policies sometimes changed between breakfast and dinner.



Even though the court ruling may allow foreign governments to renegotiate trade deals, they may fear that doing so might spur an unpredictable response from President Trump. Lea Meienberg for The New York Times

Nonetheless, uncertainty is likely to continue. As William Bain, head of trade policy at the British Chambers of Commerce, said, the ruling “does little to clear the murky waters for business.”

Other geopolitical concerns have sometimes overshadowed tariffs in relations with the United States. In Europe, national security, the Atlantic alliance and defense cooperation are all pressing priorities given the war in Ukraine, Russia's aggressive stance toward Europe and Mr. Trump's attempts to acquire Greenland.

Japan and South Korea, which are also dependent on U.S. security guarantees, are interested in preserving their relationship with Washington at a time of rising tensions with China.

With the fate of many trade agreements already agreed upon now up in the air, the court's ruling will also be a factor in upcoming trade negotiations. The United States-Mexico-Canada Agreement, which Mr. Trump signed into law during his first term, comes up for review this summer.

Analysts and traders are also considering the impact of the ruling on the large debt that the United States has racked up. Tariffs have generated more than \$200 billion in revenue since April.

Raphael Bostic, president of the Federal Reserve Bank of Atlanta, said on Friday that the economic impact of the ruling would depend on whether companies would receive any tariff refunds. He also said it would depend on how companies changed their operations in light of the decision.



A textile factory in South Carolina. Despite the tariffs, the United States posted a record-high trade deficit in goods last year. Kaoly Gutierrez for The New York Times

“Is there a requirement to pay back the firms that have paid in the tariffs? If so, that’s a lot of disruption,” Mr. Bostic said.

Many firms in the United States and elsewhere have already pushed for refunds. The research firm Capital Economics estimated that if the U.S. Treasury was forced to issue repayments, the cost would run to \$120 billion, or 0.5 percent of gross domestic product in the United States.

Juan Pellerano-Rendón, a logistics expert and chief marketing officer at Swap, a software company, said businesses should not expect a windfall. Refunds, if they happen, could take months or years.

“No serious operator is building their year around a potential tariff refund,” Mr. Pellerano-Rendón said. Most companies have already taken higher shipping, compliance and supply chain operations costs into account. “There isn’t a hidden 30 percent margin waiting to be unlocked if tariffs disappear tomorrow,” he said.

Matthew Ryan, head of market strategy at the global financial services firm Ebury, noted that there was a sell-off of the dollar immediately after the Supreme Court’s ruling.

“The move probably reflects heightened fiscal concerns,” he said, “as markets fret that the massive tariff refunds could create a significant U.S. budget shortfall, a higher deficit and an increase in debt issuance.”

The Treasury bond market, though, where the U.S. federal government’s debt is bought and sold by investors, reacted to the news with relative calm. Yields on government debt, a measure of borrowing costs, have barely budged.

Justice Brett M. Kavanaugh, in a dissent, warned that the refund process would be a “mess.”



A screw factory in Kaoshiung, Taiwan. Global trade rose 4 percent last year despite the turmoil over Mr. Trump’s tariffs. An Rong Xu for The New York Times

Mr. Trump's wide-ranging tariffs have already begun to reconfigure trade patterns. Agathe Demarais, a senior policy fellow at the European Council on Foreign Relations, noted that American allies and adversaries had been shifting away from the United States.

"China recorded a \$1.2 trillion global trade surplus in 2025, the highest ever on record by any country — highlighting how Chinese firms successfully rerouted exports to other markets," she said.

Over the past year, countries around the world have stepped up efforts to sign trade agreements that do not include the United States, such as the European Union's recent deals with four South American nations and with India.

For all of the drama surrounding Mr. Trump's tariffs, global trade still grew 4 percent overall last year. And the U.S. trade deficit in goods last year reached a record high.

"The point is trade has not collapsed," said Neil Shearing, group chief economist at Capital Economics.

"The global economy has proved relatively resilient to tariff uncertainty and rising trade barriers," said Eswar Prasad, a professor of trade policy and economics at Cornell University, "so the effects on global growth are in any event likely to be quite muted."

Colby Smith and Joe Rennison contributed reporting from New York.

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