Policy & Economic Brief

June 20, 2026

US — TRADE

Supreme Court strikes IEEPA tariff authority; administration pivots to Section 122 global tariff

DEVELOPMENT

In February 2026, the Supreme Court ruled 6-3 that the International Emergency Economic Powers Act does not authorize the president to impose tariffs. The administration responded by invoking Section 122 of the Trade Expansion Act to impose a 10% global tariff. The Court of International Trade issued a further 2-1 ruling in May challenging the Section 122 tariffs as well. At least 2,000 companies are actively suing to recover IEEPA tariff payments. The legal basis for current tariff architecture remains contested.

IMPLICATION

The unsettled legal landscape means tariff rates businesses are pricing today could shift materially. Companies that absorbed tariff costs without contractual allocation are exposed in both directions — if refunds are ordered, recovery depends on how contracts were structured. Boards should not treat current tariff levels as stable planning assumptions.

ACTION

Audit supplier contracts for tariff allocation language. Build tariff scenario models with at least three rate assumptions: current, reduced, and zero. Track CIT litigation calendar. Engage trade counsel on refund eligibility if IEEPA duties were paid.

US — TRADE

Section 301 forced labor investigations open across ~60 countries; new tariff duties proposed

DEVELOPMENT

In mid-March 2026, USTR launched Section 301 investigations into approximately 60 countries for failure to prohibit goods produced with forced labor. Proposed additional duties range from 10% for countries with compliant forced labor import regimes to 12.5% for others. A textile mechanism allows certain apparel and textile volumes to enter at reduced rates. DHS has been directed to enhance import seizure authority and publish annual transparency reports. The public comment period closes in late July.

IMPLICATION

Any company sourcing from the approximately 60 countries under investigation faces potential additional duty exposure of 10 to 12.5 points on affected goods. Apparel, textiles, electronics, and industrial inputs from Southeast Asia and South Asia are most exposed. The forced labor compliance designation of a source country will directly determine which duty rate applies.

ACTION

Map tier-one and tier-two suppliers against the list of investigated countries. Assess forced labor audit documentation for key sourcing jurisdictions. Submit comments before the late-July deadline if your supply chain is affected. Evaluate nearshoring or ART-country sourcing alternatives.

US — TAX

One Big Beautiful Bill Act reshapes business capital strategy: bonus depreciation, R&D, and manufacturing credits

DEVELOPMENT

Signed July 4, 2025, the OBBBA permanently restores 100% bonus depreciation for qualified property acquired on or after January 20, 2025. Section 179 expensing increases to $2.5 million (phase-out at $4 million), indexed for inflation. Previously unamortized domestic R&D costs can be fully deducted in 2025 or split across 2025 and 2026. The Advanced Manufacturing Investment Credit increases from 25% to 35% for property placed in service after December 31, 2025. Business interest expense limitations ease materially.

IMPLICATION

The combination of permanent bonus depreciation and the expanded manufacturing credit fundamentally changes the after-tax economics of domestic capital investment. For companies with deferred or pending capex decisions, the 2025 acquisition date requirement for full bonus depreciation means the benefit window is already open. The R&D deduction catch-up opportunity is a one-time event requiring

ACTION

Convene CFO and tax counsel to model OBBBA impact on current-year tax position. Identify unamortized domestic R&D costs eligible for 2025 deduction. Evaluate capex acceleration for manufacturing assets eligible for the 35% credit. Review Section 179 elections and business interest expense positions.

US — REGULATORY

Deregulatory agenda accelerates: 10-to-1 repeal ratio, agency cost ceilings, and compliance transition risk

DEVELOPMENT

Executive Order 14192 directs agencies to achieve a net negative regulatory cost position in FY 2025, with OMB setting allowable cost ceilings per agency for FY 2026 and beyond. A 10-to-1 repeal-to-new-rule ratio governs rulemaking across the federal government. OIRA is developing a Unified Regulatory Agenda to guide rescissions across seven deregulatory categories. DOL, EEOC, and NLRB rulemaking activity has slowed materially. DEI enforcement actions continue with hundreds of legal challenges pending.

IMPLICATION

The pace of deregulation creates a dual compliance problem. Companies that invested in compliance with regulations being rescinded face sunk-cost decisions and potential inconsistency across jurisdictions where state rules fill the federal vacuum. Industries with long regulatory lead times face the greatest ambiguity. Agency-level implementation varies significantly — the executive direction does not translate uniformly

ACTION

Conduct a regulatory posture audit by agency and business line. Distinguish between regulations being rescinded and those simply deprioritized for enforcement. Document DEI program rationale and legal basis regardless of scale. Build agency-specific monitoring into legal and compliance review cadences.

CRITICAL DEADLINES

US — Trade

Late July — ~35 days

Section 301 — forced labor tariff comment period

EU

July 1 — 11 days

EU customs small-parcel fee

US — Tax

Tax year 2025 filing

OBBBA R&D deduction election window

US — Tax

Dec 31, 2026 — 194 days

Opportunity Zone program transition

The pattern this week

The dominant signal this week is policy in motion across all three fronts simultaneously. Tariff authority is being contested in the courts even as new Section 301 investigations expand the exposure map. The OBBBA has permanently restructured capital allocation decisions. Deregulation is moving faster than compliance teams can track. The strategic risk is assuming these threads resolve independently — they do not.

The immediate priority

The Section 301 forced labor investigation comment period is the most time-sensitive near-term action item. Approximately 60 countries are under review. Companies with supply chain exposure to affected jurisdictions should act now: map sourcing, assess tariff scenarios, and engage trade counsel before the comment window closes in late July.

What to watch next

The Court of International Trade's continued review of 10% global tariffs under Section 122 will be the defining trade litigation event of the third quarter. A ruling against the administration could reset tariff exposure significantly. Boards should ensure scenario planning includes a lower-tariff baseline, not just the current regime.