FACT SHEETS

Fact Sheet: President Donald J. Trump Imposes a Temporary Import Duty to Address Fundamental International Payment Problems

The White House

February 20, 2026

PROTECTING THE U.S. ECONOMY AND NATIONAL INTERESTS: Today, President Donald J. Trump signed a Proclamation imposing a temporary import duty to address fundamental international payments problems and continue the Administration's work to rebalance our trade relationships to benefit American workers, farmers, and manufacturers.

- President Trump is invoking his authority under section 122 of the Trade Act of 1974, which empowers the President to address certain fundamental international payment problems through surcharges and other special import restrictions.
  - By taking this action, the United States can stem the outflow of its dollars to foreign producers and incentivize the return of domestic production. By increasing its domestic production, the United States can correct its balance-of-payments deficit, while also creating good paying jobs, and lowering costs for consumers.
- The Proclamation imposes, for a period of 150 days, a 10% *ad valorem* import duty on articles imported into the United States.
  - The temporary import duty will take effect February 24 at 12:01 a.m. eastern standard time.
- Some goods will not be subject to the temporary import duty because of the needs of the U.S. economy or in order to ensure the duty more effectively addresses the fundamental international payments problems facing the United States, including:
  - certain critical minerals, metals used in currency and bullion, energy, and energy products;
  - natural resources and fertilizers that cannot be grown, mined, or otherwise produced in the United States or grown, mined, or otherwise produced in sufficient quantities to meet domestic demand;
  - certain agricultural products, including beef, tomatoes, and oranges;
  - pharmaceuticals and pharmaceutical ingredients;
  - certain electronics;

    - passenger vehicles, certain light trucks, certain medium and heavy-duty vehicles, buses, and certain parts of passenger vehicles, light trucks, heavy-duty vehicles, and buses;
    - certain aerospace products; and
    - informational materials (*e.g.*, books), donations, and accompanied baggage.
- In addition, the following goods will not be subject to the temporary import duty:
    - all articles and parts of articles that currently are or later become subject to section 232 actions;
    - USMCA compliant goods of Canada and Mexico; and
    - textiles and apparel articles that enter duty-free as a good of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, or Nicaragua under the Dominican Republic-Central America Free Trade Agreement.
- In a separate Executive Order, President Trump also reaffirmed and continued the suspension of duty-free *de minimis* treatment for low-value shipments, including goods shipped through the international postal system, which will also be subject to the temporary import duty imposed under section 122.
- In addition to today's actions, the President has directed the Office of the United States Trade Representative to use its section 301 authority to investigate certain unreasonable and discriminatory acts, policies, and practices that burden or restrict U.S. commerce.

ADDRESSING FUNDAMENTAL INTERNATIONAL PAYMENT PROBLEMS: The United States faces fundamental international payment problems, in particular a large and serious balance-of-payments deficit.

- As a result of its loss of domestic production, the United States must import much of what it consumes, sending U.S. dollars out of our own economy and overseas.
- A measurement for the U.S. balance-of-payments is the current account, which tracks the three ways a country can make money: (1) selling goods and services overseas, or the "trade balance of goods and services"; (2) return on investment or labor, or the "balance on primary income"; and (3) voluntary transfers, like remittances, or the "balance on secondary income."
- The United States not only runs an overall current account deficit, but also a deficit in each component of the current account.
    - The annual U.S. goods trade deficit exploded by over 40% during the Biden Administration, reaching $1.2 trillion in 2024.
    - In 2024, for the first time in more than 60 years, the United States made less on the capital and labor it deployed abroad than foreigners made on the capital and labor they deployed in the United States.
    - At present, more money is transferred out of the United States through remittances than money is transferred in.
- The situation is getting worse.

- In 2024, the United States maintained a current account deficit of -4.0% of gross domestic product (GDP), almost double the current account deficit of approximately -2.0% that prevailed between 2013 and 2019, and larger than 2019 to 2024.
- As a share of GDP, the 2024 current account deficit represented the biggest annual current account deficit since 2008.

- Compounding these challenges is the decline in the U.S. net international investment position.
  - At the end of 2024, the U.S. net international investment position was $26 trillion, which was 89% of U.S. GDP. This means that if all of the obligations to foreigners that the United States has incurred were to come due today, and even if all of the foreign assets that the U.S. owns could be instantly deployed as payment, the United States would still end up needing to make payments equal to 89% of its annual economic output in order to meet its obligations. This represents the most negative net international investment position of any country on Earth.

- If left unaddressed, these fundamental international payment problems can, among other things, endanger the ability of the United States to finance its spending, erode investor confidence in the economy, distress the financial markets, and endanger U.S. economic and national security.

CONTINUING TO UTILIZE TARIFFS TO PROTECT U.S. INTERESTS: Tariffs will continue to be a critical tool in President Trump's toolbox for protecting American businesses and workers, reshoring domestic production, lowering costs, and raising wages.

- The Supreme Court's disappointing decision today will not deter the President's effort to reshape the long-distorted global trading system that has undermined the economic and national security of our country, and contributed to fundamental international payment problems.

- Since Day One, President Trump has challenged the assumption that the United States must tolerate the distorted and imbalanced global trading system.

- The President's trade policy brought the world to the negotiating table on our terms.
  - As a result of the President's tariffs, major U.S. trading partners covering more than half of global GDP have agreed to historic trade and investment deals to open new markets for U.S. exports, promote manufacturing reshoring, and bring reciprocity and balance to our trade relations.
  - These deals are creating high-paying American jobs, boosting U.S. manufacturing and technological leadership, and will deliver massive returns for American workers and families for decades to come.
  - In particular, the United States will continue to honor its legally binding Agreements on Reciprocal Trade. The United States expects the same commitment from its trading partners. While the domestic legal authorities to impose future tariffs will

change, the overall direction of travel for the United States—reshoring domestic production and expanding market access abroad through a combination of tariffs and deals—will not.

- Today's action will continue to protect the national interests of the United States by addressing the balance-of-payments deficit to further usher in America's Golden Age.

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