

Article | 11 September 2025

Trade update: a risk of higher, not lower, tariffs

Calm and more stability on trade were short-lived. Uncertainty is back as major trade agreements are more fluid than US trading partners had hoped



We see the tariff level of close to 20% remaining in effect for Trump's entire term in office

Trade never sleeps. While agreements between the US and some trading partners at the start of August gave hope for calm and more policy certainty, recent developments have shown that this hope was very short-lived. Fears of extreme developments might be gone, but the risk of further trade and tariff escalation remains real.

Many of the trade deals struck in recent months remain non-binding, symbolic, or logistically and politically not feasible. Just think of the promises made by, for example, the EU and Japan to significantly increase corporate investments in the US. Consequently, the collapse or unilateral revision of any of these agreements could easily trigger further escalation. So far, most US trading partners have held off on retaliation, but further escalation would likely trigger tariff responses.

For businesses, the uncertainty is paralyzing. The lack of clarity around tariff policy discourages long-term investment and complicates supply chain planning. Even if some tariffs are eventually rolled back, the broader message is clear: trade policy will remain a volatile and

politically charged arena for the foreseeable future.

Another factor bringing back uncertainty is of a legal nature. Recently, the legal foundation of some US tariffs has come under intense scrutiny. A 7-4 ruling by the US Court of Appeals for the Federal Circuit declared the administration's use of the International Emergency Economic Powers Act (IEEPA) to impose tariffs illegal. While the decision allows tariffs to remain in place until 14 October to permit a potential Supreme Court appeal, it casts serious doubt on the long-term viability of the current tariff regime.

Should the Supreme Court uphold the ruling, the administration will be forced to pivot to alternative legal mechanisms. These include Section 122 of the Trade Act of 1974, which allows for temporary tariffs of up to 15% (renewable by Congress), and Section 338, which permits tariffs of up to 50% or outright import bans. These fallback options are more procedurally constrained and less flexible than IEEPA, potentially limiting the administration's ability to respond swiftly to trade developments.

All in all, we stick to our previous base case scenario, anticipating that average US tariff rates will remain elevated at close to 20%. Contrary to our previous belief, we no longer see the US government backtracking on tariffs in 2026 and beyond. The benefits of tariffs for the US budget are simply too attractive. This is why we see the tariff level of close to 20% remaining in effect for US President Donald Trump's entire term in office. If anything, there is a risk of higher, not lower tariffs.

Author

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority

THINK economic and financial analysis

for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.