

Vital Briefing—Tariff Insights

Administration to appeal Trump's latest tariff defeat

By [Thomas Thompson](#)

Trump swiftly gave notice that his administration would appeal the latest legal setback to its tariff strategy after his global 10 percent tariffs were deemed illegal by a federal court. At stake are approximately \$35 billion to \$50 billion in taxes collected from U.S. importers.

A panel of judges of the U.S. Court of International Trade (CIT) on Thursday, May 7, rejected the government's use of Section 122 of the Trade Act of 1974 to impose 10 percent tariffs globally in response to a "balance of payments" emergency. The decision to hold the tariffs illegal was split 2-1.

On Friday, the government's highest trade official, U.S. Trade Representative Jamieson Greer, [told](#) Fox News that the judges voting in the majority "are apparently just hell-bent on importing from China." The Section 122 tariffs the CIT found illegal are applied to imports from all countries.

Appeals process starts. In requesting a stay of the CIT's decision pending appeals, the government argued that it should be able to continue collecting the Section 122 tariffs it would be unable to collect in the event CIT ultimately prevails. On Tuesday, May 12, the federal appeals court granted an administrative stay pending its consideration of motions to appeal.

Section 122 [authorizes](#) the president to impose temporary import duties or

surcharges "whenever fundamental international payments problems require special import measures to restrict imports ... to deal with large and serious United States balance-of-payments deficits."

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The judges in the majority [wrote](#), "Thus, what is relevant is what Congress meant by "balance-of-payments deficits" in 1974, ... namely the balance-of-payments deficits as measured by liquidity, official settlements and the basic balance."

"Balance-of-payments" is a term of art that characterizes certain aspects of international payments that arise in fixed exchange rate systems. The U.S. scrapped its use of fixed exchange rates in 1974.

The justification of Trump's Section 122 action turned on the meaning of the term "balance-of-payments deficits." The administration told the court that balance-of-payments should be read to include trade imbalances, not just payments imbalances.

Regarding the court's majority, Greer told Fox News, "They essentially said that Congress passed a law that can't be used, which we all know in the legal community, that's not how law should be interpreted." Greer continued, "So we're confident that on appeal we'll be successful."

Meatpacker certifications. Bloomberg reported Thursday, May 14, that China had renewed import permits for beef that had lapsed in March 2025 at the height of the U.S.-China tariff war. Trump was meeting with Chinese President Xi Jinping in Beijing when the development was reported unofficially from the Chinese capital.

China imports mostly low-value beef offal and variety meats from the U.S. Beef imports from the U.S. fell by two-thirds in 2025 from year-earlier levels.

Addressing the price effects of beef exports, the Meat Institute, a U.S. trade group for meatpackers and processors, [notes](#) on its website, "Beef products exported to China have limited consumer demand in the U.S." Losing the Chinese export market for scrap products last year reduced the contribution

of those beef parts to the total value of a carcass. According to the meatpackers, the loss added 30 cents per pound to the wholesale price of cuts of beef preferred by Americans.

Tariff relief. The White House is expected to announce measures to address persistently high consumer prices for beef.

According to the Wall Street Journal and other news outlets, Trump paused plans to issue an executive order on May 11 that would increase the volume of beef that can be imported into the U.S. duty-free. Brazilian beef exports are expected to benefit the most.

Such a move would follow actions by Trump last fall which quadrupled the amount of beef that could be imported from Argentina duty-free and, separately, eliminated his own 40 percent tariff penalty on Brazilian beef imports.

Tariff relief for South American beef exporters had little apparent effect on U.S. beef prices, which have continued to climb. Beef prices reached record levels in April, according to the U.S. Department of Labor's consumer price index (CPI) report on May

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Hamburger help. Ground beef, the cheapest beef available to consumers, reached a record average price per pound

of \$6.90. Most beef imports consist of lean beef trimmings that are blended into ground beef.

The Journal said the White House attributed the delay in issuing the executive order to a need to finalize some details in the orders. The Journal also reported that the administration had heard considerable objections from cattle ranchers and their representatives in Congress.

Much of the beef imported today already is subject to very low duties or is even duty-free under what is known as a tariff-rate quota (TRQ). In this case, under the TRQ, the U.S. specifies a volume-based annual quota of beef from individual countries to be imported with very low tariff rates. Last year, Trump raised the TRQ level for Argentinian beef.

Once imports exceed a country's annual TRQ level, the U.S. levies a high tariff on all subsequent imports. Trump's executive order is expected to eliminate most quotas temporarily. Increased imports, it is hoped, will slow beef price inflation, especially for hamburger meat.