

PUBLICATION

New Section 232 Tariffs on Semiconductors and A New Plan of Action Regarding Critical Minerals

Authors: Prentiss Lee Smith, Matthew W. McGee, Georgia A. Berthelot

January 16, 2026

President Trump has imposed tariffs on semiconductors, semiconductor manufacturing equipment, and their derivative products under Section 232 of the Trade Expansion Act of 1962, effective January 15, 2026. Imports of semiconductors and certain derivative products are subject to a 25 percent tariff, unless the products are for use in certain applications that are deemed to strengthen the U.S. supply chain of semiconductors. Additionally, the Trump Administration announced that it concluded its Section 232 investigation into critical minerals. Tariffs were not implemented on critical minerals at this time, but the executive order outlined a plan of action to diversify the U.S.'s supply of critical minerals.

Semiconductors, Semiconductor Manufacturing Equipment, and Their Derivative Products

The Trump Administration implemented a 25 percent tariff under Section 232 of the Trade Expansion Act of 1962 by acting under its investigation into the effects of semiconductors, semiconductor manufacturing equipment, and their derivative products (collectively, "semiconductors") on the national security of the U.S. Pursuant to the investigation, the President has imposed tariffs on semiconductors. The new Section 232 tariff will not apply to imported semiconductors for:

- use in U.S. data centers
- repairs or replacements performed in the U.S.
- research and development in the U.S.
- use by startups, for non-data center consumer applications in the U.S.
- use in non-data center civil industrial applications in the U.S.
- use in United States public sector applications
- other uses that the Secretary determines contribute to the strengthening of the United States technology supply chain or domestic manufacturing capacity for derivatives of semiconductors

These tariffs will apply to all subject articles entered for consumption or withdrawn from a warehouse for consumption on and after January 15, 2026.

Key characteristics of these tariffs include:

- will not stack with other Section 232 tariffs
- will not stack with the reciprocal tariffs imposed under the International Emergency Economic Powers Act (IEEPA)
- will not stack with other tariffs imposed on Canada or Mexico to reduce the flow of illicit drugs (referred to as "fentanyl tariffs")

Section 232 Investigation of Critical Minerals

President Trump issued a proclamation on January 14, 2026, announcing that the Section 232 investigation of processed critical minerals and their derivative products (collectively, "critical minerals") has concluded. The Secretary of Commerce has recommended that the U.S. should diversify its critical mineral supply chain by negotiating trade agreements with foreign trade partners.

The Trump Administration announced that it will pursue new trade agreements with foreign trade partners for the acquisition of critical minerals. The proclamation further proposes that, if new trade agreements for critical minerals are not reached "in a timely manner," the President will consider alternative actions, including imposing tariffs or setting minimum import prices for certain critical minerals.

Our [International Trade and National Security Team](#) will continue to monitor developments and provide updates as warranted. If you have any questions or would like to discuss this in further detail, please reach out to [P. Lee Smith](#), [Matthew McGee](#), [Georgia Berthelot](#), or any member of Baker Donelson's [International Trade and National Security Team](#).