

Dear Valued Customer,
Below is a summary of recent and upcoming tariff actions.

Reciprocal tariffs.

IEEPA Reciprocal tariffs against all nations except for Canada and Mexico were introduced on 2 April, effective 5 April at a baseline 10%. On April 9, the rate increased for certain countries listed in Annex I to the Executive Order (EO) and the same day the President issued a modification to the EO, pausing the higher reciprocal rates for all countries except China for 90 days. The rate for China was increased to 125%

- Effective April 10, 2025, at 12:01AM EDT, a 10% ad valorem tariff will be imposed on goods from all countries, except China.
- Effective April 10, 2025, at 12:01AM EDT, a 125% reciprocal rate will be imposed upon goods from China.
- The EO provides that country-specific tariffs will increase if trading partners retaliate, and that tariffs may be decreased or removed if trading partners align with the U.S. in terms of economy, national security and reciprocal trade.
- Tariffs are applied based on the country of origin, not export.
- Certain goods are not subject to these tariffs, including:
 - Goods listed in Annex II of the Executive Order
 - Articles subject to 50 U.S.C. §1702(b) (Artworks, informational materials, etc.)
 - Steel and aluminum articles, as well as the automobiles and auto parts which are already subject to Section 232 tariffs, as listed in proclamations
- The tariffs are in addition to any regular duty and tariffs already in place (Sec. 301, 232, IEEPA)
- Goods loaded onto a vessel at the port of loading *and* in transit on the final mode of transit before 12:01 a.m. eastern daylight time on April 5, 2025, are exempt
- Goods loaded onto a vessel at the port of loading *and* in transit on the final leg before April 9, are subject to the 10% rate for all countries, effective 5 April.
- Good must be entered or withdrawn from warehouse before May 27 to apply for any in-transit exclusion.
- If at least 20 percent of the value of the imported good is U.S.-originating, meaning the components are produced entirely in or substantially transformed in the U.S., then the Reciprocal Tariff is applied only to the value of the non-U.S.-origin content of the product.
- Goods entered into an FTZ must be admitted under privileged status, locking the duty rate.

De minimis exemption.

The provision allowing duty-free entry for low value shipments under \$800 per person, per day remains in effect until the Secretary of Commerce announces systems are in place to collect duty on shipments. The de minimis exemption for China origin goods will end on 2 May.

Sectoral Tariffs.

Focused on strategically important industries or commodities, as outlined in the USTR's 2024 Trade Policy agenda report, there will continue to be a focus on automobiles, pharmaceuticals, lumber, copper, and semiconductors. The President, citing Sec. 232 authority, has announced additional tariffs on finished automobiles of 25%, effective 2 April and automobile parts, effective 3 May. Expect further sectoral tariffs under Sec. 232 to be announced in the coming weeks, starting with semiconductors and pharmaceuticals.

Venezuela Oil IEEPA:

On Monday 24 March, the President issued an Executive Order asking the Secretaries of State and Commerce to define which nations import oil from Venezuela and introduce a 25% IEEPA tariff on all imports from any nation who buys oil and petroleum products from Venezuela.

From 2024 trade data, the largest buyers of Venezuelan oil are: China, Turkey, Brazil, the U.S., Spain, Italy and Cuba. As of this writing, there has been no indication that this will be implemented.

Chinese Vessel Surcharges:

After an Executive Order, the USTR has initiated a Sec. 301 investigation into a potential new port fee of up to \$1.5m per call by Chinese operated or made vessels. A final hearing was held on 26 March, ahead of today's USTR report to the President.

Any Section 301 fees on Chinese vessels could be worked into ocean costs through increased rates and surcharges. The \$1.5m fee results in around a \$1200/TEU surcharge.

The USTR updated

Current tariffs in place include:

China

- 10% reciprocal IEEPA tariff effective 5 April, increased to 34%, then 84% and finally 125% on **10 April**.
- 20% fentanyl IEEPA tariff on all products from China, effective 4 March, raising the tariff introduced 4 February from 10%.
- Existing Sec. 301 exclusions are in effect until they expire on 31 May.

Canada and Mexico

- 25% IEEPA tariff on all products from Canada and Mexico, for goods entered from 4 March, excluding USMCA qualifying products from **6 March**.
- USMCA qualifying goods remain exempt from IEEPA.
- Canada and Mexico have implemented targeted retaliatory tariffs on US Imports.

Steel and Aluminum

- 25% Sec. 232 tariff on steel and aluminum on all countries effective on goods entered from **12 March**.
- The 25% is in addition to any regular duty and other tariffs.
- No exclusions
- Sec. 232 country-specific and tariff rate quota (TRQ) provisions expired on 12 March.
- For any derivative aluminum article identified in Annex I that is not in Chapter 73 or 76 of the HTSUS, the additional tariff applies only to the steel or aluminum content of the derivative article. Previous Sec. 232 rounds are listed in Notes 16 and 19 of Chapter 99. Importers that have components that are bought as a finished good with blended materials, need a bill of materials breakdown from the supplier to assess the correct rate of duty & tariff.
- Goods made of steel or aluminum smelt and cast in the US but worked into finished products overseas do not carry the tariff.
- For Steel products, the Federal Register is FR 2025-02833, and for Aluminum products, the Federal Register is FR 2025-028232.

Automobiles and Parts

- 25% on all imported automobiles, effective 3 April 2025
- 25% on specific automobile parts, effective 3 May 2025

How have other countries retaliated?

China has announced a 125% tariff in addition to previously implemented measures. China has also requested a dispute resolution through the WTO framework.

Canada has retaliated with a 25% tariff on automobiles and select goods.

The EU has prepared reciprocal tariffs of 25% on select goods but withheld implementation.

The UK has considered select tariffs but not announced any changes.