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Annual Compliance Conference Webinar Series 2025

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Customs & tariffs in the new US administration

Tuesday 3 June 2025

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US - Tariff developments under Trump 2.0

China/Hong Kong

Tariff Rate: 20%

Effective Date: February 4

Pursuant to IEEPA, additional 10% tariff on all goods. Amended March 4 to increase to additional 20% tariff. Exclusions apply.

Mexico

Tariff Rate: 25%, 10% potash

Effective Date: March 4

Pursuant to IEEPA, additional 25% on all goods. Amended March 7 to 10% on potash and exemptions for USMCA-originating goods. Exclusions apply.

Canada

Tariff Rate: 25%, 10% energy & potash

Effective Date: March 4 and March 7

Pursuant to IEEPA, additional 25% on all goods other than 10% on energy. Amended March 7 to 10% potash and exemptions for USMCA-originating goods. Exclusions apply.

Reciprocal

Tariff Rate: 10% - 125% (adjusted following negotiation with China)

Effective Date: April 5, April 9 and April 10

Pursuant to IEEPA, additional 10% on imports from all countries. 125% (adjusted down to 34%) for goods from China, Hong Kong and Macau. Exceptions apply. Additional country specific rates suspended until July 9.

Steel

Tariff Rate: 25%

Effective Date: March 12

Pursuant to Section 232, additional 25% on imports of steel (including derivatives) on all countries.

Aluminum

Tariff Rate: 25%

Effective Date: March 12

Pursuant to Section 232, additional 25% on imports of aluminum (including derivatives) on all countries, except aluminum from Russia which is subject to 200%.

Autos, Auto Parts

Tariff Rate: 25%

Effective Dates: April 3, May 3

Pursuant to Section 232, additional 25% on passenger vehicles and light trucks (effective April 3) and auto parts (effective May 3) on all countries.

EU- state of play

Retaliatory tariffs I

- Reimposition of 2018 and 2020 tariffs:
  - 2018: US-origin products with tariffs up to 25% (6.4 billion worth of goods). The list has been updated as of 14 April 2025, with whiskeys removed, and tobacco added;
  - 2020: US-origin products with tariffs up to 20% (40 million worth of goods);
  - March 2025: Further measures imposed on a variety of industrial and agricultural products with tariffs up to 25%.
- Scheduled to be effective from 15 July 2025 following a 90-day postponement. Further measures on almonds and soybeans with tariffs up to 25% to take effect on 1 December 2025.

EU- state of play

Retaliatory tariffs II

- Response to automotive and reciprocal tariffs, if ongoing negotiations between EU and US fail
- Public consultation has been launched for stakeholders to share views on two lists of products that could be subject to possible:
  - Import duties: broad list including various agricultural and industrial products, such as food products, whiskey, cars and car parts, rubber, paper etc.
  - Export restrictions: mainly steel scrap and chemical products targeted
- Public consultation ends on 10 June 2025. Once the consultation ends, the comitology process will start to collect the opinions of Member State representatives who must approve the proposal by the European Commission.

"In the pipeline…"

- Increased focus on new FTAs
- Tapping full economic potential of EU market

Canada – state of play

Retaliatory tariffs on US origin goods

Round 1 tariffs: Implemented as of 12:01 AM EST on March 4, 2025. Covering range of tariff items.

Round 2 tariffs: Implemented as of 12:01 on March 13, 2025. Covering range of tariff items, including steel and aluminum goods.

Round 3 tariffs: Implemented as of 12:01 AM EST on April 9, 2025. Covering automobiles.

Round 4 tariffs: Proposed tariff list issued. 21-day consultation period now closed. Covering range of tariff items. No proposed coming into force.

Canada – remission framework

A key duty mitigation consideration

- Two processes available to seek retroactive or prospective retaliatory tariff relief:
  - Company-specific application process administered by Finance Canada.
    - Specific criteria: Demonstrating inability to source domestically or non-US origin substitutes or exceptional circumstances.
    - Unlimited time frame: Applicant to specify timeframe, including retroactive relief.
    - Risks: Cost burden to prepare submission, uncertain wait time, denied application.
  - Importer self-assessment process administered by Canada Border Services Agency.
    - Specific criteria: Imported by or on behalf of listed government agencies or certain health care facilities, imported for medically necessary health care services, imported for manufacture, processing or packaging, specific listed goods.
    - Limited time frame: March 4, 2025 to October 16, 2025
    - Risks: Interpretation of broad criteria, record keeping, risk of future audit for eligibility.

China's response to Trump tariffs

Retaliatory tariff measures

- 125% retaliatory tariff on all US goods (currently reduced to 10% pending 90-day negotiation)
- 10-15% retaliatory tariffs on US coal, LNG, crude oil, agricultural machinery, large-displacement automobiles, pickup trucks and agricultural products

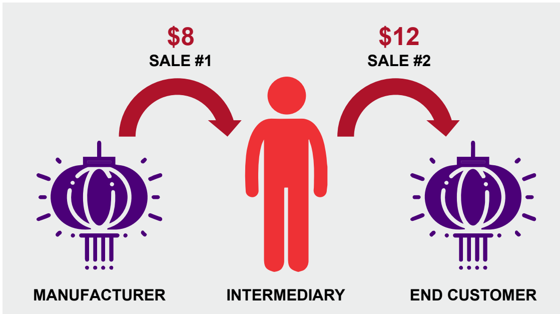
Non-tariff measures

- Export controls on rare earth and certain minerals and related products and/or technology:
  - (i) tungsten; (ii) tellurium; (iii) bismuth; (iv) molybdenum; and (v) indium
  - (i) samarium; (ii) gadolinium; (iii) terbium; (iv) dysprosium; (v) lutetium; (vi) scandium; and (vii) yttrium
- Designation of US entities on the Unreliable Entities List
- Designation of US entities on the Control List under the export control law (US Entity List equivalent)
- Suspension of export authorization, anti-dumping, anti-circumvention and industry competitiveness investigations

Tariff mitigation strategies

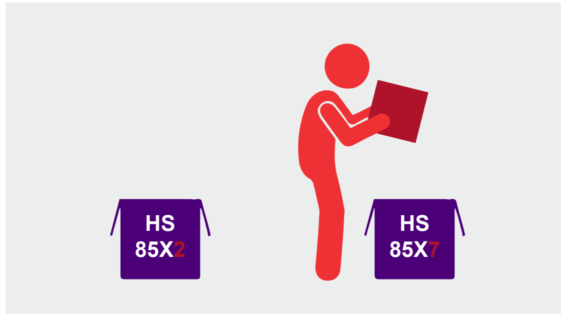
Change origin of goods

- Change supply source or key production location.
- Non-preferential rules of origin generally require substantial transformation.



Optimise valuation

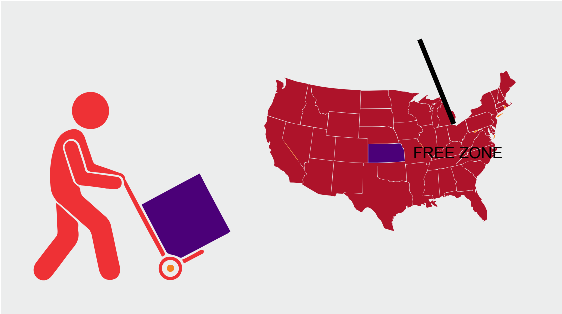
- Reduce value of goods through transfer price, removing non-goods related costs, disaggregate products for final assembly in country of import.



Reclassify products

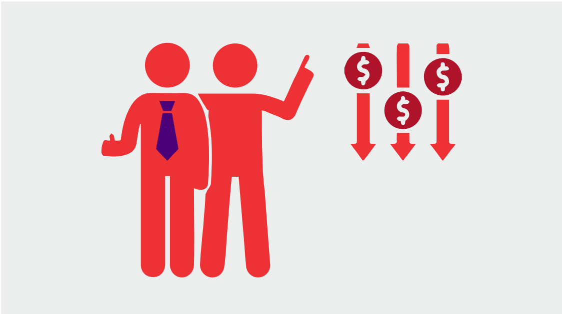
- Identify product changes that may result in favorable tariff classification of goods.
- Ensure re-classification is defensible.

Tariff mitigation strategies



Utilise trade facilities

- Use free trade zones and duty drawback programs to reduce tariff exposure.
- Relocate distribution hubs to free trade zones.



Access preferential rates

- Rely on USMCA duty-free treatment for import into the US.
- Other FTAs entered into by the relevant jurisdictions.

Questions

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