



Trade Updates (July 31) - New Reciprocal Tariff Rates, an Increase in IEEPA Tariffs for Canadian Goods, and a 90-Day Pause on Tariff Increases for Mexico

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New Reciprocal Tariff Rates

On July 31, 2025, President Trump issued an [executive order](#) modifying the so-called reciprocal tariffs implemented under IEEPA. Country-specific rates, originally announced on April 2 through Executive Order 14527, have been adjusted to, the order states, reflect ongoing negotiations with various countries. These new rates range from 10 percent to 41 percent, with the majority of the affected countries subject to 15 percent tariffs. The order states that these rates will be adjusted once trade negotiations are completed and new executive orders issued. Goods of any country not listed in Annex I to the order will be subject to 10 percent tariffs. Annex I is included at the end of the order. The order explicitly does not affect current tariff rates on products of China; 34 percent tariffs on Chinese-origin products are set to go into effect August 12.

The new IEEPA reciprocal tariff rates are scheduled to come into effect at 12:01 EST on August 7. An in-transit exemption applies for merchandise loaded prior to August 7 and entered before October 5, 2025.

The new order takes a novel approach to tariffs on products from the European Union. Whether or not tariffs will apply is contingent on the most-favored nation (“MFN”) rate that currently apply to each product based on their classifications. MFN duties are the “normal” duties that apply to products imported into the United States regardless of country of origin and are determined based on the classification of the product and the rate identified in Column 1, General Rate of the Harmonized Tariff Schedule of the United States. For products where the MFN duty rate is less than 15 percent, additional duties are to be applied until the total duty rate is 15 percent. For products where the MFN is currently at or higher than 15 percent, no additional duties will be applied.

The order also answers some questions about how the Administration is defining “transshipment.” A change to the definition has not been effectuated; rather, the order allows CBP to impose 40 percent tariffs, along with fines and penalties under 19 U.S.C. § 1592, on products that it determines to have been transshipped using its current framework. Notably, this 40 percent tariff is *in lieu of* rather than in addition to the country-specific rates. CBP is also directed to publish a list of offending countries and companies every 6 months.

The order directs key agency heads and other officials involved with implementation and enforcement of the tariffs, specifically naming, among others, the Secretary of Commerce, the United States Trade Representative, the Secretary of State, the Secretary of the Treasury, and the Chair of the International Trade Commission, to take all actions within their powers to do so. The Department of Commerce and USTR are directed to monitor the actions of trading partners and report to the President should they take actions that would warrant changes to the country-specific tariff rates, whether such actions are retaliatory or conciliatory.

Increases on Canadian Products

The White House also issued a [fact sheet](#) to accompany an upcoming executive order that is expected to increase the tariff rate on Canadian-origin products from 25 percent to 35 percent, effective 12:01 EDT on August 1. The fact sheet cites Canada's "inaction and retaliation" as the reason for the increase and does not include an in-transit exemption. USMCA-qualifying goods remain exempt from the tariffs and lower rates on potash and energy products have not been impacted. The fact sheet also indicates that the accompanying order will authorize CBP to impose 40 percent tariffs, in lieu of the 35 percent tariffs, on goods the agency has determined to have been transshipped, in line with the executive order on reciprocal tariffs.

Pause on Tariff Increases for Mexico

President Trump announced on social media he would not increase tariff rates on products of Mexico as threatened and leave in place current rates for an additional 90 days. Products of Mexico remain subject to 25 percent tariffs imposed earlier this year by the President under IEEPA, with potash and energy products subject to 10 percent and USMCA qualifying products duty free.