



Trump Announces Sweeping Reciprocal Tariffs

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April 2, 2025

Reciprocal Tariffs Don't Apply to Canada and Mexico or to Goods Covered (or soon to be covered) by Section 232 Tariffs

On April 2, 2025, President Trump signed an [Executive Order](#) (EO) imposing reciprocal tariffs on most nations. The new tariffs, which include a baseline rate of 10 percent as well as higher rates for dozens of trading partners, are being imposed under the International Emergency Economic Powers Act of 1977 (IEEPA) in response to a national emergency, declared in the EO, posed by large and persistent trade deficits.

Specifically, the EO notes that the “trade deficit reflects asymmetries in trade relationships that have contributed to the atrophy of domestic production capacity, especially that of the U.S. manufacturing and defense-industrial base. These asymmetries also impact U.S. producers’ ability to export and, consequentially, their incentive to produce.” The EO highlights both tariff and non-tariff barriers. This advisory provides additional details and a summary of the Administration’s rationale for these measures.

Rates and Effective Dates

Beginning April 5, 2025 at 12:01 a.m. EDT, a baseline 10 percent tariff will apply to imports of most goods from almost all countries.

Additionally, effective April 9 at 12:01 a.m. EDT, 50 countries that maintain large trade surpluses with the United States – and that impose various tariff and non-tariff barriers on U.S. exports – will be subject to even higher rates, in some cases up to 50 percent.

In both cases, the tariffs will not apply to goods loaded onto a vessel at the port of loading and in transit on the final mode of transit *prior to* the effective date, and entered for consumption or withdrawn from warehouse for consumption *after* the effective date.

Individual Country Rates

All individual country rates are listed in [Annex I](#) of the Executive Order. A searchable list of individual country rates based on a chart made available by the White House is available [here](#). Trading partners with the highest trade surpluses with the United States and their new individual reciprocal rates, as of April 9, include: China (34%), the European Union (20%), Vietnam (46%), Taiwan (32%), Japan (24%), India (26%), South Korea (25%).

Goods Exempted

The reciprocal tariffs will not apply to certain goods, primarily those goods already subject to (or likely to soon be subject to) sectoral tariffs. Specifically, goods not subject to the reciprocal tariff include: steel and aluminum articles and their derivatives, as well as automobiles and automobile parts, that already subject to Section 232 tariffs; copper, pharmaceuticals, semiconductors, and lumber articles that may soon be subject to Section 232 tariffs (investigations related to copper and lumber are already underway); and “all articles that may become subject to future Section 232 tariffs.” Also excluded are energy and energy products and certain critical minerals, as well as a limited list of IEEPA-exempt goods included in 50 U.S.C. § 1702(b) (postal communications, information and information materials, baggage for personal use, and donated items). Annex II listing these items can be found [here](#).

The reciprocal rates only apply to non-U.S. content value of goods where at least 20 percent of the value is U.S. originating. U.S. content is defined as “the value of an article attributable to the components produced entirely, or substantially transformed in, the United States.” CBP is authorized to collect information necessary to verify the U.S. content value of an imported article, and whether it is substantially finished in the United States (the latter factor relevant for Canada and Mexico, as discussed below).

Interaction with Other Tariffs

The reciprocal tariffs are in addition to certain other applicable duties, including those required by antidumping and/or countervailing duty orders, Section 301, and normal customs duties. In the case of China, for example, covered goods will be subject to the 34 percent country-specific reciprocal tariff, plus the current 20 percent IEEPA (fentanyl-related) tariff, plus any applicable Section 301 duties and AD/CVD duties.

De minimis treatment remains available (except for China) until the Secretary of Commerce notifies the President that adequate systems are in place to manage duty collection.

Countries Not Covered

As noted above, the reciprocal tariffs will not apply to Canada and Mexico. Imports from Canada and Mexico will continue to be subject to the IEEPA tariffs that [took effect in early March](#) and the exemption for USMCA-qualifying goods from [Canada](#) and [Mexico](#) will continue to apply. Should those fentanyl-related IEEPA measures be suspended or terminated, goods from Canada and Mexico would be subject to a 12 percent reciprocal tariff. The following exemptions from the 12% reciprocal tariff would also apply: USMCA-qualifying goods; energy and energy resources, potash; and articles eligible for duty-free treatment under USMCA that is a part or component of an article substantially finished in the United States.

The reciprocal tariffs do not apply to countries not covered by Normal Trade Relations (*i.e.*, Cuba, North Korea, Russia, and Belarus).

Duration of Tariffs

These reciprocal tariffs will remain in effect until the President Trump determines “that the threat posed by the trade deficit and underlying nonreciprocal treatment is satisfied, resolved, or mitigated.” The President may also increase or decrease the tariff rates depending upon actions

taken by foreign governments. The administration has, therefore, left room for negotiation with individual trading partners and revisions to each country's specific rate.

Rationale

In issuing today's EO, President Trump relies not only on the statutory authority discussed above, but also the interagency assessments ordered in his January 20, 2025 and February 13, 2025 Presidential Memoranda and delivered to him on April 1, 2025. President Trump also cites the 2025 National Trade Estimate Report on Foreign Trade Barriers (NTE), published by the Office of the U.S. Trade Representative on March 31, 2025, that details non-tariff barriers to U.S. exports on a country-specific basis.

In explaining the policy rationale for the reciprocal tariff measures, the EO discusses how the post-war international economic system under which the United States and its trading partners have operated for decades was ostensibly built on commitment to reciprocity. Yet, President Trump concludes that system was based on faulty assumptions, including that the rest of the world would follow U.S. trade liberalization; that trade liberalization would result in economic convergence and increased domestic consumption among U.S. trading partners; and that the U.S. would not accrue large and persistent goods trade deficits.

The impact of the lack of reciprocal trade is evident in the fact that U.S. share of consumption to gross domestic product (GDP) is about 68 percent, versus 27-50 percent for other major trading partners. Efforts by U.S. to address trade asymmetries on bilateral and multilateral bases have "stalled." These tariff measures, therefore, reflect the following motivating principles:

- The United States must have a strong "bedrock" of domestic manufacturing for its national and economic security. The EO discusses how "robust and resilient domestic manufacturing capacity is particularly acute in certain advanced industrial sectors" like autos, shipbuilding, pharma, technology, machine tools, metals, and fabricated metal products. The United States' defense interests require manufacturing in critical sectors like bio-manufacturing, batteries, and microelectronics, in addition to maintaining basic stockpiles of military goods. Further, manufacturing accounts for a substantial portion of the United States' productivity growth and innovation, in the form of patents and R&D spending.
- Current trade conditions have led to vulnerable U.S. supply chains, subject to geopolitical disruption and supply shocks.
- The food and agricultural sector is also vital to our national security, yet our trade surplus in agricultural goods has become a deficit in recent years.

Suspension of *De Minimis* Treatment for Imports From China (Including Hong Kong)

Today, President Trump also signed an Executive Order today disallowing *de minimis* treatment for import entries from China.

President Trump's initial [Executive Order](#) imposing 10 percent *ad valorem* duties on imports from China to address the synthetic opioid crisis provided that entries from China valued under \$800 would no longer be eligible for treatment under the so-called *de minimis* provision of 19 U.S.C. § 1321. The *de minimis* provision allows goods to enter the U.S. market duty free and with lesser informational requirements than other imports.

Shortly after the IEEPA tariffs for China were announced, the suspension of *de minimis* treatment was paused pending notification from the Secretary of Commerce (in consultation with the Secretary of Treasury) that adequate systems are in place to fully and expediently process and collect tariff revenue on *de minimis* entries.

Today, President Trump announced in a second [Executive Order](#) that adequate systems are now in place to fully and expediently process and collect tariff revenue on *de minimis* entries from China. The April 2nd EO eliminates the duty-free treatment of *de minimis* entries from the People's Republic of China and Hong Kong. The *de minimis* loophole will be closed as of May 2, 2025, at 12:01 a.m. EDT. The EO also directs Secretary of Commerce to, within 90 days of the order, submit a report to the President addressing the impact of this order on American industries, consumers, and supply chains.

Customs entries valued at \$800 or less will be subject to all applicable duties and must be entered under the appropriate entry type in ACE. Postal items containing goods that are sent through the international postal network will be subject to a duty rate of either 30% of their value or \$25 per item (increasing to \$50 per item after June 1, 2025), in lieu of any other duties to which the shipments would otherwise be subject.

Key Links

[Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices that Contribute to Large and Persistent Annual United States Goods Trade Deficits \(EO\)](#)

[Fact Sheet: President Donald J. Trump Declares National Emergency to Increase our Competitive Edge, Protect our Sovereignty, and Strengthen our National and Economic Security](#)

[U.S. Trade Representative Issues Statement on President Trump's Declaration of a National Emergency](#)

[Further Amendment to Duties Addressing the Synthetic Opioid Supply Chain in the People's Republic of China as Applied to Low-Value Imports](#)

[Fact Sheet: President Donald J. Trump Closes De Minimis Exemptions to Combat China's Role in America's Synthetic Opioid Crisis](#)