

# U.S. Imposes Reciprocal Tariffs: Key Takeaways for Businesses

Article

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On April 2, 2025, President Trump issued an executive order imposing the long-awaited “reciprocal” tariffs on all imported products into the U.S. from all countries.

This executive order implements a 10 percent baseline general duty rate that will go into effect on April 5, 2025, **in addition to** the previously paid baseline duty for the imported product, which was based on the harmonize tariff schedule of the U.S. (“HTSUS”) code of the product.

After April 9, 2025, that 10 percent duty rate will increase to a higher **country-specific** rate for those countries that are listed on Annex I of that executive order.

Noticeably, Mexico and Canada are not listed in Annex I. Imported products from Canada or Mexico that do not qualify under the United States-Canada-Mexico Agreement (“USMCA”) will continue to pay 25 percent duties (for all other products) or 10 percent duties (for certain energy and mineral products).

## Reciprocal Tariff Exemptions

The order exempts some imported products from these duties, including:

- Personal communications, donated articles, informational materials, and transactions ordinarily incident to travel.
- Products that are currently captured in the section 232 steel and aluminum and derivative article tariffs and products that currently or in the future are captured in other section 232 tariffs.
- Certain copper, pharmaceuticals, semiconductors, lumber articles, critical minerals, energy, and energy products that are currently identified in Annex II of the executive order.
- Imports from those countries listed in Column 2 of the HTSUS code.
- Imports from Canada and Mexico that qualify under USMCA.

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The order partially exempts some imported products from paying the full duties.

- For products that contain U.S. made parts, only the non-U.S. portion will be taxed provided at least 20 percent of the value of the good is U.S. content (defined as produced or substantially transformed in the U.S.).
- All USMCA compliant product imported after the exemption is terminated shall be subject to 12 percent duties.

Finally, imported products from China and Hong Kong will continue to face the additional 20 percent International Emergency Economic Powers Act and 25 percent section 301 duties. On May 2, 2025, they will also be subjected to section 321 “de minimis” \$800 package rule.

### Next Steps for Businesses

As these tariffs are sweeping, U.S. business and those of other countries should have both a short- and a long-term plan on how to navigate this new reality. The starting point is to assess how these tariffs will impact them, based on that findings and where applicable implement the custom strategies we discussed in *How Companies Can Adapt and Thrive in an Uncertain Trade Environment*.

We will of course continue to monitor the situation and provide updates as they become available.

### READ MORE:

- Proper Tariff Classification Impact on Business: How to Avoid Misclassification
- U.S. Businesses Brace for 25% Duties on Imports From Canada and Mexico
- Steel and Aluminum Tariff “Derivative Articles” Defined
- Key Takeaways From President Trump’s February 2025 Steel and Aluminum Tariff Proclamations
- How to Understand Substantial Transformation in a Country of Origin Determination

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