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ALERT

President Trump Announces Global Reciprocal Tariffs and Addresses Low-Value Shipments from China

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Authors

On April 2, 2025, President Trump announced reciprocal tariffs on imports into the United States, with a minimum 10% tariff applied to imports from most sources with limited country and product carveouts as discussed below, and higher tariff rates imposed on more than 60 specific countries as further described below.

Under the authority of the International Emergency Economic Powers Act (IEEPA), the President issued an Executive Order (EO) titled "Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices that Contribute to Large and Persistent Annual United States Goods Trade Deficits" (the EO) finding that persistent trade deficits create a national emergency and declaring, in order to rebalance global trade flows, an imposition of an additional 10% duty on all imports. These duties are effective as to imports entered for consumption or withdrawn from a warehouse for consumption on or after 12:01 a.m. EDT on April 5, 2025, unless the goods were loaded onto a vessel at the port of loading and in transit on the final mode of transit before that date.

The EO further states that certain countries, detailed in Annex I to the EO, will be subject to higher duty rates that are described in the Annex. These rates will be effective for goods of those countries that are entered for consumption or withdrawn from warehouse for consumption, on or after 12:01 a.m. EDT on April 9, 2025, unless the goods were loaded onto a vessel at the port of loading and in transit on the final mode of transit before that date.

The additional tariffs will not apply to:

- Information materials, humanitarian donations, and travelers' baggage;
- Goods subject to the recently expanded Section 232 tariffs on steel and aluminum, recent passenger vehicles/light trucks, and certain automotive parts or future Section 232 duties;
- Other products listed in Annex II to the Order, including copper, pharmaceuticals, semiconductors, lumber articles, certain critical minerals, energy, organic chemicals, and energy products; or
- All articles from countries with which the United States does not maintain normal trade relations, i.e., Russia, Belarus, North Korea, and Cuba. These countries are already subject to high tariff rates and/or are unable to export to the United States due to sanctions.

Goods from Canada and Mexico are unaffected by the reciprocal tariffs, but will continue to be subject to previously imposed duties on goods of these countries that do not meet the rules of origin under the U.S.-Mexico-Canada Agreement (USMCA). If the previously imposed duties on Canada and Mexico are terminated or suspended, both countries will become subject to a 12% reciprocal tariff except as to goods that are USMCA-compliant or that consist of energy/energy resources, potash, or any "article eligible for duty-free treatment under USMCA that is a part or component of an article substantially finished in the United States." The new reciprocal tariffs will apply to goods from China – unless falling under one of the exceptions discussed above – and will be additional to the previously imposed 20% IEEPA tariffs, Section 301 tariffs, and any other applicable duties, such as antidumping and countervailing duties, that apply to Chinese goods.

Notably, the new reciprocal tariffs only apply to the non-U.S. content of an imported article, so long as "U.S. content" accounts for at least 20% of the article's value. "U.S. content" is defined as the value of an article attributable to components produced entirely, or substantially transformed in, the United States.

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In addition to the EO imposing the reciprocal tariffs, the President also signed an additional EO addressing the so-called "de minimis" duty exemption for goods from China and Hong Kong. Current U.S. law authorizes duty exemptions, as well as fewer reporting requirements, for certain import shipments with an aggregate value of $800 or less. The exemption is most typically used in the context of direct-to-consumer e-commerce shipments but has come under increasing scrutiny for its potential role in facilitating unlawful shipments of fentanyl and similar goods. Under the new EO, low-value shipment goods from China/Hong Kong will be required to pay all applicable duties that would affect a higher value shipment, effective May 2, 2025. Further, to the extent that such shipments are sent through the international postal network, carriers may choose to pay either a flat tariff of 30% of product value or $25 per postal item until June 1, 2025, when this amount will rise to $50 per postal item.

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