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BLOG

April 2 Tariffs and Implications for Importers and Investors

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On April 2, 2025, President Trump signed two executive orders enacting sweeping reciprocal tariffs and eliminating the *de minimis* treatment for imports from China and Hong Kong. The accompanying Fact Sheet also continues to highlight sectors for which the Administration is seeking new investment in manufacturing.

THE RECIPROCAL TARIFF ORDER

On April 2, 2025, President Trump signed the "Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices that Contribute to Large and Persistent Annual United States Goods Trade Deficits" Executive Order (the "Reciprocal Tariff EO"). The Reciprocal Tariff EO comes under the Internal Emergency Economic Powers Act (50 U.S.C. § 1701 et seq.) (IEEPA), citing a lack of reciprocity in trade relationships and disparate tariff rates as an extraordinary threat to the United States.

The Reciprocal Tariff EO imposes, with some significant exemptions, a baseline 10 percent reciprocal tariff on all imports, effective April 5. The Reciprocal Tariff EO additionally imposes higher country-specific rates, beginning on April 9, on nearly 60 countries. Rates of note include a 20 percent tariff on the E.U. and a 34 percent tariff on China. In a subsequent statement, Secretary of Treasury Scott Bessent clarified that the 34 percent tariff on China is in addition to the 20 percent rate already imposed, bringing the total tariff rate on Chinese goods to 54 percent. For a full list of the country-specific rates, see Table 1 below. Many countries may work to mitigate or eliminate the tariff's impact by reducing their own duty rates on U.S. imports. As such, interested parties should continue to monitor this list.

While these tariffs are sweeping, the Reciprocal Tariff EO exempts certain articles—particularly, items such as steel, aluminum, and automobiles that are already subject to tariffs. The Reciprocal Tariff EO further exempts the following key articles: copper, pharmaceuticals, semiconductors, lumber, critical minerals, and energy and energy products, and all articles that may become subject to duties under future actions under section 232 of the Trade Expansion Act of 1962. A full list of the exempted goods is available here.

The Reciprocal Tariff EO does not affect the 25 percent tariffs on goods from Canada and Mexico previously imposed in President Trump's March 2 border security-related orders. Should those orders be terminated or suspended, however, all imports from Canada and Mexico will be subject to a 12 percent tariff, exempting energy or energy resources, potash, and articles properly declared as qualifying under the USMCA.

INVESTMENT IN MANUFACTURING – WHITE HOUSE FOCUS

The accompanying White House Fact Sheet highlights the Administration's priorities for the development of specific manufacturing sectors, which will be highlights for those looking to invest in the United States. Specifically, the Fact Sheet highlights the need to focus on domestic manufacturing capacity in advanced sectors like autos, shipbuilding, pharmaceuticals, transport equipment, technology products, machine tools, and basic and fabricated metals, where loss of capacity could permanently weaken U.S. competitiveness. In addition, there is a heightened focus on increasing U.S. stockpiles of military goods. To that end, the White House is highlighting the need to focus on the development of large upstream manufacturing in sectors like bio-manufacturing, batteries, and microelectronics to support defense needs.

THE *DE MINIMIS* GOODS TARIFF ORDER

On April 2, President Trump also signed the "Further Amendment to Duties Addressing the Synthetic Opioid Supply Chain in the People's Republic of China as Applied to Low-Value Imports" Executive Order (the "*De Minimis* EO"), ending duty-free *de minimis* treatment for goods from China and Hong Kong, effective May 2. Under the *De Minimis* EO, which was also issued under the authority of the IEEPA, all items sent through the international postal network valued at or under $800 that previously qualified for *de minimis* treatment are subject to either a 30 percent or $25-per-item tariff (increasing to $50 per item on June 1), as determined by the policy of the transportation carrier. All such items that are not sent through the international postal network are subject to the rates set forth in the Reciprocal Tariff EO. This will significantly impact e-commerce sites that sell and/or process high volumes of what are considered (from a cargo perspective) low-value shipments.

The *De Minimis* EO also requires the Secretary of Commerce to submit a report on the impact of the order within 90 days, including a recommendation on whether these tariffs should be extended to packages from Macau.

COUNTRIES RESPOND

Trade partners impacted by these orders are expected to respond quickly. China announced on April 4 that it is rolling out 34 percent duties on all U.S. goods. Canada has responded with a 25 percent levy on vehicles imported from the United States. Vietnam has expressed interest in reducing tariffs to zero. President Trump continues to encourage discussions with trade partners and investments in the United States.

Table 1

COUNTRIES & TERRITORIES	RECIPROCAL TARIFF, ADJUSTED
Algeria	30%
Angola	32%
Bangladesh	37%
Bosnia and Herzegovina	36%
Botswana	38%

Brunei	24%
Cambodia	49%
Cameroon	12%
Chad	13%
China	34%
Côte d`Ivoire	21%
Democratic Republic of the Congo	11%
Equatorial Guinea	13%
European Union	20%
Falkland Islands	42%
Fiji	32%
Guyana	38%
India	27%
Indonesia	32%
Iraq	39%

Israel	17%
Japan	24%
Jordan	20%
Kazakhstan	27%
Laos	48%
Lesotho	50%
Libya	31%
Liechtenstein	37%
Madagascar	47%
Malawi	18%
Malaysia	24%
Mauritius	40%
Moldova	31%
Mozambique	16%
Myanmar (Burma)	45%

Namibia	21%
Nauru	30%
Nicaragua	19%
Nigeria	14%
North Macedonia	33%
Norway	16%
Pakistan	30%
Philippines	18%
Serbia	38%
South Africa	31%
South Korea	26%
Sri Lanka	44%
Switzerland	32%
Syria	41%
Taiwan	32%

Thailand	37%
Tunisia	28%
Vanuatu	23%
Venezuela	15%
Vietnam	46%
Zambia	17%
Zimbabwe	18%

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