



## TARIFF STRATEGY DECISION DAY (January 14, 2025)

Last weekend multiple press reports stated that the incoming Trump Administration is readying one hundred (100) Executive Orders to be issued beginning January 20, 2025, which is cause for serious concern for imports. Whether your current Tariff rate is 0%, 25%, or higher, your imports could be immediately subject to increased Tariffs ranging from 20%-60% depending on country of origin beginning as soon as next Monday January 20.

**TARIFF MITIGATION STRATEGIES.** There are several possible strategies to mitigate the short-term impact of potential Tariff increases, which depend on the particular circumstances.

1. **WAIT & SEE.** Take no immediate action and wait to learn what, if any, Tariff actions are announced January 20 and whether such Tariff actions will be implemented immediately or at some future date.
2. **EN ROUTE SHIPMENTS.** File Customs consumption entry on all merchandise *en route* to the United States that you expect to arrive on or after Monday January 20. While CBPF 3461 Cargo Release entry may be filed up to five days before U.S. landing on ocean vessels or “wheels up” for aircraft destined for U.S. first arrival, the time of entry for establishing Tariff rates for an importation cannot occur until the merchandise actually “arrives” within the CBP port limits.
3. **FTZ STRATEGIES.** For firms with U.S. FTZs, there are several possible strategies depending on a variety of factors, including FTZ production Tariff inversion benefits, FTZ activity, percentage of exports from the FTZ, PGA filings, AD/CVD filings, etc.
  - **FILE CUSTOMS ENTRY** on all FTZ on-hand component and finished goods merchandise to avoid the possibility of increased Tariffs being assessed at the time of Customs entry. Merchandise which may be exported should not be entered.
  - **CHANGE THE ZONE STATUS** of all FTZ on-hand inventory to Privileged Foreign (PF) zone status in an attempt to avoid the assessment of higher Customs duties. There are substantial risk factors because the treatment of PF status merchandise may vary under different statutory laws, the prior Trump Administration was inconsistent in assessing Tariffs on FTZ on-hand merchandise, and Tariff inversion benefits are eliminated.
  - **PHARMACEUTICAL PRODUCTION.** Pharmaceutical FTZ production options are limited. Production inverted Tariff savings are critical, CBP entry on non-FDA approved materials is unavailable, and FTZ weekly entry is not possible.
  - **FTZ WEEKLY ENTRY.** We have developed additional strategies involving adjusting or filing new CBPF 3461 weekly estimates which may mitigate Tariff exposure, depending on particular circumstances. Clients should contact us to discuss.
  - **FTZ 5-DAY RULE.** Section [146.71\(c\)](#) is the 5-day rule requiring all merchandise entered to be shipped from an FTZ within 5 days. Many FTZs already possess a Non-Processing Stipulation approved by their CBP port which will manage warehouse-only activity. Production FTZs will require special approval from the CBP Port to utilize duty-paid

material in production after the entry has been filed. All other FTZs must secure CBP port approval to avoid the 5-day rule.

- **ORIGIN OF FTZ-PRODUCED GOODS.** Clients are reminded that increased Tariffs may apply to FTZ Board-authorized finished products which are substantially transformed in the FTZ, unless the origin is identified as the U.S. on the Customs entry. Clients should contact us to discuss, confirm and provide a reasonable care memorandum.

It is important that clients immediately focus on their Tariff strategy. Contact [Marshall Miller](#), [Sean Murray](#), [Brian Murphy](#), [David Ostheimer](#), or [Linda King](#) with questions.

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