

(Partial) Pause on Canada and Mexico IEEPA Tariffs (March 6, 2025)

Late today, President Trump paused the 25% additional tariffs under the International Emergency Economic Powers Act (IEEPA) for certain Canada and Mexico products that were imposed on March 4 and discussed in our Monday <u>What's New</u> update.

- New Executive Orders ("E.O.") on <u>Canada</u> and <u>Mexico</u> issued today modify the prior E.O.s to eliminate the 25% additional IEEPA tariffs for Canada and Mexico goods that qualify for duty-free treatment under the United States-Mexico-Canada Agreement (USMCA) effective on or after 12:01 a.m. EST on March 7.
 - The relief is not retroactive, meaning that Canada and Mexico goods entered from Monday, March 4 through Thursday, March 6 remain subject to the 25% additional IEEPA tariffs even if USMCA-qualified.
 - Importers with enroute shipments should discuss with their customs brokers whether they can delay Customs entry until March 7.
 - Importers should not claim USMCA duty-free treatment unless they confirm the products satisfy the stringent USMCA rules of origin and have supporting records.
- The new E.O.s reduce the additional IEEPA tariffs from 25% to 10% for Canada and Mexico potash.
- CBP Headquarters has issued <u>CSMS Messages</u> with additional guidance including new HTSUS provisions.
- A <u>Fact Sheet</u> indicates that a lower 10% tariff applies to Canada energy products and Canada and Mexico potash that fall outside the USMCA preference. The Fact Sheet also states the modifications for Canada and Mexico are in recognition of the automotive supply chain, but the USMCA-qualification exception is not limited to motor vehicles or auto parts.
- A President Trump social media <u>post</u> indicates the pause is only effective until April 2.
- Depending on the timing of their zone week, FTZ Weekly Entry filers may not be subject to these additional IEEPA tariffs for March 4-6. We encourage FTZ clients to review their specific circumstances.
- FTZ clients with Canada or Mexico goods arrived or admitted in Privileged Foreign (PF) zone status from March 4 to March 6 should contact us to discuss.

Please contact <u>Marshall Miller</u>, <u>Brian Murphy</u>, <u>Sean Murray</u>, <u>David Ostheimer</u> or <u>Linda</u> <u>King</u> with questions about these actions.

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