



**Tariff Trifecta
IEEPA Tariffs – China Increase to 20%,
Canada 25%/10% and Mexico 25%;
Section 232 Steel & Aluminum 25%
(March 3, 2025)**

A. CANADA, MEXICO, AND CHINA IEEPA TARIFFS

Late today, President Trump imposed the additional tariffs under the International Emergency Economic Powers Act (IEEPA) on Canada, Mexico and China products, as discussed in our Friday [What's New](#).

- **Canada/Mexico IEEPA Additional Tariffs**. Effective March 4, 25% additional IEEPA tariffs on goods from [Mexico](#) and [Canada](#), except 10% on Canada origin “energy or energy resources” (including petroleum, natural gas, electricity, etc.). CBP Headquarters issued CSMS messages on [Mexico](#) and [Canada](#).
 - As discussed in our February 3 “What’s New” [update](#), these additional tariffs were formally announced in two Executive Orders (“E.O.”) issued on February 1, and were subsequently “paused” for one month as discussed in our February 4 “What’s New” [update](#).
 - **No USMCA Exception**. Products of Mexico and Canada eligible for USMCA preferential duty-free treatment or eligible for HTS Chapter 99 temporary duty exemptions or reductions are subject to these additional tariffs. USMCA qualification does not exempt Canada and Mexico goods from these IEEPA additional tariffs.
 - **Both Rules of Origin**. Additional IEEPA tariffs apply to products of Canada and Mexico, applying either the (1) 19 CFR Part 102 USMCA marking rules, or (2) the “substantial transformation” rules.
 - **HTS Chapter 98 Exemptions**. The Mexico and Canada IEEPA additional tariffs “will not apply to goods for which entry is properly claimed under a provision of chapter 98 of the tariff schedule, except for goods entered under heading 9802.00.80; and subheadings 9802.00.40, 9802.00.50, and 9802.00.60.” For HTSUS subheadings 9802.00.40, 9802.00.50, and 9802.00.60, the IEEPA additional tariffs apply to the value of repairs, alterations, or processing performed (in Mexico or Canada), and HTSUS subheading 9802.00.80 applies IEEPA additional tariffs to the value of the article assembled abroad (in Mexico or Canada), less the cost or value of such products of the United States.
 - **No Drawback**. No duty drawback for Canada or Mexico IEEPA tariffs.
 - **FTZs**. Articles that are products of Mexico or Canada that are admitted into U.S. foreign-trade zone (FTZ) on or after 12:01 a.m. eastern standard time March 4, 2025 must be admitted in “Privileged Foreign” (PF) zone status, except for Domestic status articles. “Such articles will be subject, upon entry for consumption, to the duties imposed by this order and the rates of duty related to the classification under the applicable HTSUS subheading in effect at the time of admission into the United States foreign trade zone.”
 - **FTZ Weekly Entry Strategy**. As previously suggested as FTZ Weekly Entry Strategy in our February 3 “What’s New” [update](#), FTZ on-hand inventory of Canada and Mexico origin product [authorized](#) by a CBPF 3461 Weekly Estimate with elected entry date prior to March

4 should be included on the CBPF 7501 with duties paid at pre-March 4 rates. Notice to CBP Ports is necessary for distribution and production.

- **FTZ PF Status Management.**
 - FTZ clients have been uniformly instructed and all FTZ Operations Manuals state that NAFTA/USMCA articles should be admitted in Privileged Foreign (PF) status. FTZ clients should confirm their FTZ inventory control and recordkeeping system (ICRS) software properly identifies affected Canada and Mexico origin SKUs as PF status at admission beginning tomorrow.
 - Potentially the February 28 CBP Headquarters guidance on China IEEPA FTZ admissions will also apply to IEEPA Canada and Mexico FTZ admissions. If still possible, FTZ clients should immediately file a CBPF 214 status designation to change any Mexico or Canada NAFTA/USMCA goods in Non-Privileged Foreign (NPF) to PF status, hopefully to lock-in the duty rate without IEEPA tariffs.
- The De Minimis exception for shipments under \$800 remains available for [Mexico](#) and [Canada](#).
- **China IEEPA Additional Tariffs.** A new [Executive Order](#) (“E.O.”) has increased the 10% China IEEPA additional tariffs discussed in our February 3 “What’s New” [update](#) to 20%. Although the China IEEPA E.O. does not identify an effective date, a [Federal Register notice](#) was just posted at 10:00pm EST which confirms the 20% tariff rate is effective for China products entered or withdrawn from warehouse on or after 12:01 a.m. Eastern Standard Time March 4, 2025 (and is not retroactive, as some have suggested).
 - The existing China IEEPA in-transit provision is unaffected.
 - A new HTSUS subheading 9903.01.24 is created to cover products of China or Hong Kong entered or withdrawn on or after March 4.

B. SECTION 232 STEEL AND ALUMINUM HTS PROVISIONS

Draft [Federal Register](#) notices have been issued on the Section 232 [steel](#) and [aluminum](#) 25% additional tariffs which create HTS provisions and clarify issues on the expansive scope increase and timing, as expected in our February [14](#) and [28](#) “What’s New” updates.

The Department of Commerce notices confirm that the Section 232 25% additional tariffs on steel and aluminum imports take effect for goods entered for consumption or withdrawn from warehouse, on or after 12:01 a.m. Eastern Standard Time on March 12, 2025, except for derivative products classified outside HTS Chapters 73 and 76 which will take effect upon of notice by the Secretary of Commerce. Clients are reminded that the Proclamations apply the Section 232 additional tariffs to steel and aluminum products classified in identified HTS provisions from all countries other than products of the United States.

Annex 1 to the steel and aluminum notices provide details regarding Customs entry reporting.

- **HTSUS Chapter 98.** The latest Proclamations did not explicitly mention existing HTSUS Chapter 98 exemptions. These Commerce notices retain the existing HTSUS Chapter 98 exemption language. Clients are reminded CBP issued updated guidance in 2020 limiting Section 232 HTS Chapter 98 relief. CSMS #[42355735](#).
- **Outside HTS Chapter 73 and 76.** For derivative steel and aluminum articles classified outside HTS Chapters 73 and 76 (which will only become effective upon Commerce public notice), the notices provide that the Section 232 duties “shall only apply to declared value of” the steel or aluminum content of the derivative article, and this quantity must be reported in kilograms (kg).
- **Expansion of Derivative Steel/Aluminum Scope, with U.S. Melt and Pour or Smelt and Cast Exceptions.** The Commerce notices clarify the Section 232 additional tariffs apply to all imported derivative iron or steel and derivative aluminum products including products admitted into a U.S. foreign trade zone in

Privileged Foreign (PF) zone status prior to March 12, 2025, unless the derivative product was processed in another country from steel articles that were melted and poured in the United States or aluminum articles smelt and cast in the United States.

- **Country Reporting.** The Commerce aluminum notice states that importers are required to report to CBP the (a) primary country of smelt, (b) secondary country of smelt, and (c) country of cast on imports of all aluminum articles subject to the aluminum and aluminum derivatives Section 232 measures. The steel Commerce notice lacks similar language on melt and pour country reporting.
- **FTZ Weekly Entry Strategy.** As previously suggested as FTZ Weekly Entry Strategy, FTZ on-hand inventory of Section 232 steel and aluminum products authorized by a CBPF 3461 Weekly Estimate with elected entry date prior to March 12 should be included on the CBPF 7501 with duties paid at pre-March 12 rates. Notice to CBP Ports is necessary for distribution and production. If the CBPF 3461 Weekly Estimate does not include all FTZ on-hand inventory of Section 232 steel and aluminum products, it should be adjusted to include all. Export volumes should be considered.

Please contact [Marshall Miller](#), [Brian Murphy](#), [Sean Murray](#), [David Ostheimer](#) or [Linda King](#) with questions about these actions.

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