

PUBLICATION

President Trump Orders Tariffs on Canada, Mexico, and China: What You Need To Know

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Given the fast-moving developments, this alert originally published on Monday, February 3, 2025, is updated to reflect the pause in the proposed tariffs on Canada and Mexico, and the retaliatory tariffs that China announced on February 4, 2025.

On February 1, 2025, President Trump formally announced the first round of tariffs under his America First Trade Policy. Through Executive Orders, President Trump is implementing a 25 percent additional tariff on imports from Canada and Mexico, with Canadian energy resources having a lower 10 percent tariff. Imports from China will have a 10 percent additional tariff. Reportedly, on February 3, 2025, President Trump agreed with Mexican President Claudia Sheinbaum and Canadian Prime Minister Justin Trudeau to pause tariffs on goods from each country for one month. As the Trump administration has not indicated whether any exclusion procedures will exist under his tariff regime, all goods imported from China will be charged these additional tariffs beginning February 4, 2025. Tariffs on Mexico and Canada will be implemented in one month unless negotiations are successful. Tariffs could be increased in response to retaliatory actions by Canada, Mexico, and China. Conversely, tariffs could be removed from one or all the countries if ongoing negotiations are successful.

The White House published three separate Executive Orders that imposed blanket tariffs on Canadian, Mexican, and Chinese imports. The Executive Orders are all similar in scope, with each having a unique justification for imposing the associated tariffs. The justifications include the influx of illicit opioids, like fentanyl, from Canada and China, and consequent illegal immigration and actions by criminal gangs from Mexico. President Trump has enacted the Executive Orders pursuant to the International Emergency Economic Powers Act (IEEPA), the National Emergencies Act (NEA), section 604 of the Trade Act of 1974, as amended (19 U.S.C. 2483), and 3 U.S.C. 301. They will be effective as of Tuesday, February 4, 2025, at 12:01 a.m.

Canadian Tariffs

The Executive Order applying to Canada imposes an additional 25 percent ad valorem rate of duty on all articles that are products of Canada, as defined by the Federal Register notice described within the order. However, this does not include certain energy or energy resource imports, to which an additional 10 percent ad valorem tariff rate of duty will now apply. We will continue to monitor whether the pause or negotiations change the scope of the order or eliminate it completely.

Mexican Tariffs

The Executive Order applying to Mexico imposes an additional 25 percent ad valorem rate of duty on all articles that are products of Mexico, as defined by the Federal Register notice described within the order. We will continue to monitor whether the pause or negotiations change the scope of the order or eliminate it completely.

Chinese Tariffs

The Executive Order applying to China imposes an additional 10 percent ad valorem rate of duty on all articles that are products of China, as defined by the Federal Register notice described within the order.

Other Provisions Within Each Executive Order

As it stands, the Trump administration has not indicated whether importers can seek to be excluded or qualify for exceptions under the Executive Orders, except for those articles covered by 50 U.S.C. 1702(b). These include articles "intended to be used to relieve human suffering," "information or informational materials," and "any transactions ordinarily incident to travel[.]"

The tariffs also do not apply to goods that were loaded onto a vessel at the port of loading or in transit on the final mode of transport prior to entry into the United States before 12:01 a.m., Eastern time on February 1, 2025, if importers complete the required certification to these facts.

Importers must consider the following aspects within each Executive Order:

- These tariffs do not replace, but are additional to any existing duties, fees, exactions, or charges applicable to imported articles;
- The \$800 de minimis exception under 19 U.S.C. 1321 is not available for goods covered by the Executive Order;
- No drawbacks shall be available with respect to the duties imposed by the Executive Order;
- Goods entering into a Foreign Trade Zone (FTZ) must be entered with "privileged foreign status" demonstrating that duties will apply even to goods entering an FTZ within the United States; and
- The Executive Orders do not discuss Temporary Import Under Bond (TIB), which suggests importers using TIBs may not be required to pay the duty so long as the merchandise is ultimately exported pursuant to the provisions of the bond.

Retaliatory Measures

China has officially implemented retaliatory measures after initially stating that they would pursue countermeasures and file a formal complaint with the World Trade Organization. Instead of blanket tariffs, China has imposed 15 percent tariffs on U.S. coal and liquefied natural gas and 10 percent tariffs on crude oil, agricultural machinery, pickup trucks and large-engine cars. Additionally, beyond tariffs, China has responded by placing export controls on certain critical minerals, opening an antitrust investigation against Google, and listing other U.S. businesses as "unreliable entities."

Canada also already announced significant retaliatory measures before President Trump and Prime Minister Trudeau reached their pause agreement. They include 25 percent tariffs on \$155 billion worth of goods. The first phase of Canada's response includes tariffs on \$30 billion in goods imported from the U.S., also effective on February 4, 2025. According to the Canadian Department of Finance, this includes "orange juice, peanut butter, wine, spirits, beer, coffee, appliances, apparel, footwear, motorcycles, cosmetics, and pulp and paper." The second phase will include an additional \$125 billion in goods, likely applying to "products such as passenger vehicles and trucks, including electric vehicles, steel and aluminum products, certain fruits and vegetables, aerospace products, beef, pork, dairy, trucks and buses, recreational vehicles, and recreational boats." The Canadian government is welcoming a 21-day comment period to specifically determine the scope of phase two.

Mexico has yet to announce formal retaliatory measures but foreshadowed similar action. Mexican President Claudia Scheinbaum publicly instructed her Secretary of the Economy to implement "Plan B" and formulate retaliatory measures in the face of President Trump's tariffs. While it is currently unclear which goods Mexico

will target if Canada and China's retaliatory measures are any indication, they will likewise aim for key U.S. goods.

Our International Trade and National Security team will continue to monitor developments and provide updates as warranted. If you have any questions or would like to discuss this in further detail, please reach out to [P. Lee Smith](#), [Matthew "Matty" McGee](#), or any member of Baker Donelson's [International Trade and National Security](#) team.