

President Trump Applies 10% Tariff on All Imports, With Higher Reciprocal Tariff Rates for Imports from Many Countries

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On April 2, 2025, President Trump announced a new 10% global “reciprocal” tariff on U.S. imports from all countries, with higher tariff rates for a large number of countries that range from 11 to 50% *ad valorem* (the “Reciprocal Tariffs”), citing his authority under the International Emergency Economic Powers Act (“IEEPA”). As explained below, although the Reciprocal Tariffs apply broadly, there are some carve-outs, and there will be varying impacts on companies and supply chains. In addition to these Reciprocal Tariffs, the Trump Administration imposed new tariffs on automobiles, automotive parts, aluminum containers of beer, and empty beer cans, and ended the *de minimis* exemption that generally allows low-value parcels with Chinese-origin and Hong Kong-origin goods to enter the United States without import duties.

Summary of Tariffs

President Trump issued an executive order (“EO”) on Wednesday, April 2, imposing a 10% Reciprocal Tariff on imports into the United States from all countries, effective on April 5, 2025. Effective April 9, 2025, the EO increases the tariff to higher individualized rates for the goods of 82 countries and customs territories. The EO claims non-reciprocal trade barriers in those countries justify the Reciprocal Tariffs. The individualized Reciprocal Tariff rates appear in [Annex I to the EO](#).

The EO excludes several categories of goods from the new Reciprocal Tariffs.

- Significantly, the EO does not change the tariffs on goods that qualify for preferential treatment under the U.S.-Mexico-Canada Agreement (“USMCA”). Those USMCA-originating goods remain eligible for preferential USMCA rates, but are subject to the earlier issued executive orders relating to fentanyl and border crossings. We described those earlier executive orders in a [previous eUpdate](#).
- Goods subject to tariffs or investigation under Section 232 are not subject to the Reciprocal Tariffs, as follows:
 - The Reciprocal Tariffs do not apply to imports of aluminum, aluminum derivative articles, steel, and steel derivative articles, that are subject to Section 232 duties, including the recent expansion of those duties on March 12, 2025. Automobiles

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and automotive parts became subject to 25% Section 232 duties on April 3, 2025, as announced in a [Presidential Proclamation](#).

- As of April 5, 2025, aluminum containers of beer and empty aluminum cans are subject to Section 232 tariffs as derivative aluminum articles, but are not subject to the Reciprocal Tariffs.
 - Copper and lumber articles, which are the subject of pending Section 232 investigations, are not subject to the Reciprocal Tariffs.
 - The Reciprocal Tariffs do not apply to articles that become subject to Section 232 tariffs at a later date.
- Certain other enumerated goods, including pharmaceuticals, semiconductors, certain critical minerals, and energy and energy products are excluded from the new tariffs. These goods are listed in [Annex II to the EO](#). These exemptions indicate the importance of foreign suppliers for these critical goods for the U.S. economy and defense sector. Some have advocated for tariffs on foreign imports coupled with tax incentives to stimulate domestic production of these goods.
 - Goods from countries that are ineligible for the most favored nation rate, such as goods originating from Russia and Belarus, which are already subject to higher duty rates.
 - Goods that are exempt from regulation under IEEPA, such as donations of food, medicine, and clothing for humanitarian purposes; information and informational materials; and baggage for personal use.

Status of Chinese Origin Goods and *De Minimis* Entry

Under the EO, Chinese-origin goods will be subject to the initial 10% Reciprocal Tariff on April 5, 2025, which will increase to a 34% Reciprocal Tariff on April 9, 2025. The EO applies this Reciprocal Tariff to Hong Kong and Macau origin goods. The Reciprocal Tariff comes on top of the IEEPA-based tariff that President Trump previously imposed on goods from China, which started at 10% in February 2025 and increased to 20% in March 2025.

Besides the Reciprocal Tariffs, the U.S. Government previously imposed tariffs under Section 301 of the Tariff Act of 1974 (“Section 301”) on Chinese-origin goods citing certain Chinese trade policies and practices, which began in 2018. These Section 301 tariffs have varying rates at 7.5%, 25%, or higher rates recently imposed under President Biden, depending on their classification under the Harmonized Tariff Schedule of the United States (“HTSUS”). The United States also has subjected or threatened to subject other Chinese origin goods to import tariffs under other trade laws, such as antidumping duties, countervailing duties, safeguard duties, and other Section 301 investigations. Beginning on April 9, 2025 and subject to the exclusions noted above, many Chinese-origin goods will be subject to a combined 54% IEEPA-based tariffs plus the Section 301 tariff and any applicable antidumping or countervailing duties.

The same day, President Trump issued a separate executive order to terminate the *de minimis* exemption for low-value imports from China and Hong Kong. This exemption has allowed importers to avoid a formal declaration of merchandise to U.S. Customs and Border Protection (“CBP”) and payment of most import duties if the total value of imports is limited to \$800 or less per day. President Trump previously ordered an end to *de*

minimis entry for parcels containing Chinese and Hong Kong origin goods in February 2025, but issued a pause after widespread reports of disruptions to handling of small parcels. President Trump required that the U.S. Secretary of Commerce certify that CBP could administer the processing and collection of tariffs on these parcels before terminating the exemption, which now has occurred. As part of this termination of *de minimis* treatment, the United States will collect all applicable tariffs to shipments valued under \$800 per day if they contain goods of China or Hong Kong, starting on May 2, 2025. For mail parcels sent to the United States through the postal service from either China or Hong Kong, the applicable duties on parcels valued at \$800 or less will be either a 30% flat tariff, or a flat tariff of \$25 on parcels beginning on May 2, 2025, and increased to \$50 per parcel starting on June 1, 2025.

Exclusion for U.S. Content

The EO allows U.S. importers to exclude from the dutiable value any U.S. content in the imported goods, provided that the goods contain at least 20% U.S.-origin content. Under the EO, U.S. content means the value of components produced in the United States, or those substantially transformed in the United States. The EO authorizes CBP to collect information to implement this exclusion, and it remains to be seen what documentary evidence CBP will require, and the scope of exclusions that CBP will allow. Importers should prepare documentary support if they intend to claim this exclusion for U.S.-origin content. U.S. law already allows complete or partial duty exemptions for certain goods with U.S. origin content under Chapter 98 of the HTSUS. This U.S. content exemption under the EO could operate alongside those existing provisions and may be broader in scope.

Legal Basis for EO and Potential Future Action

President Trump issued the EO citing his authority under IEEPA. As we explained in a [recent eUpdate](#), President Trump first used IEEPA to impose tariffs on goods from China in February and March, and on certain goods from Canada and Mexico in March. By citing IEEPA, President Trump has issued tariffs, and modifications to the tariffs, quickly without prior investigative work through executive agencies or public notice and comment that are customary for tariff actions imposed under U.S. trade laws. The EO claims to make President Trump the final arbiter as to whether the Reciprocal Tariffs will be modified, increased, or withdrawn. It remains to be seen whether the latest invocation of IEEPA to impose Reciprocal Tariffs may prompt Congressional action or whether there will be other challenges to that assertion of tariff authority.

IEEPA allows the President to prohibit or regulate trade with a foreign country as a result of an emergency whose origin is in whole or in part outside of the United States. Under the EO, President Trump declared a national emergency with respect to a variety of alleged foreign trade barriers and practices. In particular, the EO identifies “a lack of reciprocity in our bilateral trade relationships, disparate tariff rates and non-tariff barriers, and U.S. trading partners’ economic policies that suppress domestic wages and consumption, as indicated by large and persistent annual U.S. goods trade deficits” as the basis for a national emergency. The EO identifies a wide range of foreign trade

barriers relating to not just tariffs, but also licensing restrictions; failures in customs facilitation; technical barriers to trade; inadequate intellectual property protections; discrimination against U.S. commerce; tax policies; and currency practices, among other barriers. Many of these alleged restrictions are outlined in the annual National Trade Estimate (“NTE”) authored by the Office of the United States Trade Representative (“USTR”). The 2025 NTE was released at the end of March 2025.

The EO also expressly invites foreign countries to withdraw or eliminate their alleged unfair barriers to U.S. commerce, which would permit a modification or potential withdrawal of their Reciprocal Tariff rate. The EO states that the new Reciprocal Tariffs “shall apply until such time as I determine that the underlying conditions described above are satisfied, resolved, or mitigated.” Conversely, the EO also allows President Trump to increase the Reciprocal Tariffs if a country retaliates against the United States. Accordingly, the new tariffs may be revised or increased based on how foreign countries react. In particular, it seems possible that the Reciprocal Tariffs will result in significant retaliation against U.S. exports, in which case an escalating trade war is likely. Alternatively, the Reciprocal Tariffs may be reduced or even eliminated if the White House is convinced that a foreign trading partner has eliminated key barriers to trade.

Compliance Considerations

With U.S. tariffs drastically increasing on most goods from nearly all foreign sources, companies who import merchandise into the United States should review how they declare merchandise to CBP, including their HTSUS classification, country-of-origin, and value. In particular, the Reciprocal Tariff rates create large differences based on the origin of merchandise. Companies will, accordingly, want to carefully consider the relevant rules of origin, and whether they are correctly declaring origin to CBP. Likewise, companies may achieve duty savings if they uncover and correct any over-declaration of the value of merchandise to CBP. Finally, for companies that rely on the *de minimis* exemption to import merchandise into the United States, they will need to consider the changes made with respect to parcels from China and Hong Kong.

Dorsey & Whitney has attorneys who focus on helping businesses consider strategic and compliance issues related to tariffs. Please contact one of the authors below for further information.