

Trump Declares National Emergency to Impose Tariffs on Chinese Origin Products, Defers Tariffs on Canadian and Mexican Products

by T. Augustine Lo, Dave Townsend, Lawrence Ward, and Justin T. Huff

On Saturday, February 1, 2025, the Trump Administration initially announced U.S. import tariffs on Canadian, Chinese, and Mexican origin products. These tariffs would have subjected many Canadian and Mexican origin products to a 25% import duty, while Chinese-origin products will be subject to a 10% import duty. U.S. President Donald Trump invoked his authority under the International Emergency Economic Powers Act (“IEEPA”) to impose these sweeping tariffs, citing a national emergency relating to fentanyl trafficking and illegal border crossings. By Monday mid-day, Canada, Mexico, and the Trump White House reported border security assurances that led to the postponement of tariffs and countermeasures until March 4, 2025. By contrast, the 10% tariff on Chinese origin products (including goods of Hong Kong), took effect on Tuesday, February 4, 2025.

We briefly explain the tariffs imposed on goods from China, and then those deferred on goods from Canada and Mexico. We then provide a brief overview of the legal provision that President Trump cited for the tariffs and additional background information.

China

President Trump’s Executive Order regarding goods originating from China (including Hong Kong) provides the following:

- A 10% tariff in addition to any other import duties;
- Narrow exemptions for certain humanitarian donations; information and informational materials; personal accompanied baggage; and products already in transit before February 1, 2025, and entered before March 7, 2025;
- Disallowance of duty drawbacks (otherwise available for duty refunds of goods that are re-exported or used in domestic manufacturing);
- Revocation of the “de minimis” exemption under Section 321 of the Tariff Act (e.g., the \$800 daily exemption often used for e-commerce); and

Related People

- T. Augustine Lo
- Dave Townsend
- Lawrence Ward
- Justin T. Huff

Related Capabilities

- National Security Law
- International Trade
- Executive Actions Resources
- Executive Actions Tracker

- Potential escalation of the 10% tariff in response to any countermeasures by China.

There are already various other tariffs imposed on Chinese-origin goods besides ordinary import duties. For example, the first Trump Administration imposed duties on Chinese-origin goods under Section 301 of the Trade Act of 1974 (“Section 301”). The applicable tariff rate ranges from 7.5% to 100% under various lists, with the exception of List 4B, which has been suspended. Because of this latest Executive Order, any goods that were exempt previously from the Section 301 duties under List 4B are now subject to the 10% tariff.

Canada and Mexico

The White House had announced tariffs and trade measures on Canada and Mexico that were largely aligned with those outlined above with respect to China, except that the tariff rate would have been 25% on all goods, except certain energy-related items from Canada would be subject to 10% duties. These would have been in addition to other applicable duties, but most Canadian and Mexican goods enjoy duty-free treatment under the United States-Mexico-Canada Agreement (“USMCA”). This 25% duty would have been a shock to companies and consumers who have come to rely on access to duty-free goods from these countries since the North American Free Trade Agreement in the 1990s.

Within hours of the White House announcement, both Canada and Mexico announced their intention to impose retaliatory tariffs on U.S. origin goods imported into their countries. Canadian Prime Minister Justin Trudeau announced retaliatory tariffs at 25% against a wide range of U.S. goods. Mexican President Claudia Sheinbaum similarly announced her plans to impose both tariff and non-tariff measures against U.S. imports.

Ultimately, President Trump agreed to defer the tariffs until March 4, 2025. In the interim, it remains unclear under what circumstances the White House may move forward with the tariffs, and when, or whether it will continue to defer them. President Trump did not provide any clear goalposts in his Executive Orders.

There is much at stake in this latest trade dispute. Cross-border trade plays an outsized role in these countries’ economies. According to the [Congressional Research Service](#), three-quarters of Canadian exports are destined for the United States, and Canada relies on the United States for nearly half of its imports. Canada is the largest supplier of U.S. energy imports, which prompted the lower 10% tariff for these products. The United States also relies heavily on Canadian agriculture and food products, automotive goods, heavy equipment, machinery, and metals. Similarly, Mexican products account for 15% of all U.S. imports, second after Canadian goods, and approximately 15% of total U.S. exports are destined for Mexico.

Basis for Tariffs, Their Pause, and Potential for Escalating Trade War

President Trump ordered the tariffs to stem what he deemed an emergency under IEEPA relating to illegal drug trafficking and illegal border crossings into the United States.

Canada and Mexico undertook action to boost border enforcement and, in response, President Trump paused the imposition of new tariffs on those countries. It remains unclear whether this postponement will continue after March 4, 2025.

IEEPA authorizes the U.S. President to declare a national emergency “to deal with any unusual and extraordinary threat” from outside the United States and select from a broad range of options to impose sanctions and trade restrictions. While U.S. Presidents have invoked IEEPA frequently to target foreign countries and persons over the years, those measures usually involve prohibitions against financial transactions and trade, and not import tariffs. However, the first Trump Administration briefly invoked IEEPA in 2019 to threaten high tariffs against Mexican-origin products, citing illegal border crossings, before rescinding the measure based on assurances from Mexico. Unlike most import tariffs imposed under other U.S. trade laws, IEEPA does not require any prior legislation, investigation, notice, or public hearing before the president imposes the measures.

The Trump Administration has promised additional measures if the three countries retaliate. Given the fact that all three countries quickly announced measures in the wake of the U.S. tariff action, there is a real risk for rapid escalation into a trade war. This risk could increase sharply if the tariffs on Canadian and Mexican products take effect.

This latest triple tariff action follows in the wake of the “America First Trade Policy” memorandum that the Trump Administration issued in its first day in office on January 20, 2025. In that memorandum, Trump created a framework for imposing a wide variety of tariffs on goods from many countries. The document called out Canada, China, and Mexico specifically for border security concerns, which presaged these tariffs. However, the memorandum also outlines various other policy concerns, including persistent trade deficits, unfair trade measures maintained by other countries, and promotion of the U.S. defense industrial base. It remains to be seen whether these concerns will lead to additional tariff actions targeting other countries’ products.

Conclusion

If you have questions about this article or the topics discussed, please contact the co-authors of this article. Dorsey’s national security and international trade practice group advises clients on cross-border trade issues, including tariffs and other restrictive measures.