

Pause of Tariffs on Goods from Mexico and Canada That are Compliant With the USMCA

TRUMP ADMINISTRATION TRADE ALERT - IMPORTS

HEADLINE Pause of Tariffs on Goods from Mexico and Canada That are Compliant With the USMCA

DATE March 6 2025

AGENCY Trump Administration, Executive Order

EFFECTIVE DATE March 7 2025, 12:01 a.m. Eastern Time

BACKGROUND President Trump issued executive orders in February that imposed 25% ad valorem tariffs on articles that are products of [Mexico](#) and [Canada](#) in February 2025. These measures were delayed [\[CE1\]](#) after negotiation until March 4, 2025, which were then implemented for [Mexico](#) and [Canada](#). After significant market disruption, especially to the automotive industry, the Administration issued revised executive orders on March 6 providing certain exceptions.

The original orders imposed:

- 1) An additional 25% tariffs on all products of Mexico
- 2) An additional 25% tariffs on all products of Canada, except “energy products” from Canada which will only have a 10% tariff

The March 6 revisions provided an exception to these duties for articles that qualify for the United States - Mexico - Canada (USMCA) agreement (*i.e.*, those articles that are entered free of duty under the terms of General Note 11 to the Harmonized Tariff Schedule of the United States (HTSUS)).

DETAILS Although the order cites the automotive industry as the impetus for the revision, the exception applies to any USMCA qualifying article. Additionally, the revised orders provide a lower 10% rate of duty for potash that does not enter under USMCA.

The Administration has said in press reports that this USMCA exception will last until April 2. But it is noteworthy that there is no expiration date applicable to this exception included in the revised orders.

Retaliation clauses in the original EOs on Mexico ([clause \(c\)](#)) and Canada ([clause \(d\)](#)), which threaten additional tariffs if a country imposes tariffs on U.S. goods, have not yet been employed even though Canada has enacted [retaliatory tariffs](#) on \$30 billion in goods imported from the U.S.

BASIS International Emergency Economic Powers Act (IEEPA), 50 U.S. Code § 1701 *et seq.* citing a declaration of national emergency in response to the “extraordinary threat posed by illegal aliens and drugs, including deadly fentanyl”; the National Emergencies Act (50 U.S.C. 1601 *et seq.*) (NEA); section 604 of the Trade Act of 1974, as amended (19 U.S.C. 2483); and section 301 of title 3, United States Code.

All products of Mexico and Canada that are entered free of duty as a good of Canada or Mexico under the terms of the USMCA (General Note 11 to the HTSUS). This exception includes any qualifying treatment in subchapter XXIII of chapter 98 and subchapter XXII of chapter 99 of the HTSUS.

HTS/ PRODUCTS	The applicable HTSUS subheadings for potash are as follows:
	<ul style="list-style-type: none">• 2815.20.0050• 2815.20.0090• 3104.20.0010• 3104.20.0050• 3104.30.0000• 3104.90.0100• 3105.10.0000• 3105.20.0000• 3105.60.0000
COUNTRY	Mexico, Canada
CITE	Executive Order Amendment to Duties to Address the Flow of Illicit Drugs Across Our Southern Border - The White House
	Executive Order Amendment to Duties to Address the Flow of Illicit Drugs Across Our Northern Border - The White House
	CSMS # 64335789 - GUIDANCE - Update on Additional Duties on Imports from Mexico - USMCA Qualifying Products and Potash CSMS # 64336037 - GUIDANCE - Update on Additional Duties on Imports from Canada - USMCA Qualifying Products and Potash

The use of IEEPA for the imposition of tariffs is a relatively untested mechanism for the President's authority for raising tariffs. We anticipate that these tariffs will be challenged in court if they remain in place, even if the tariffs are ultimately only imposed on non-USMCA-qualifying importations of Canadian or Mexican origin. Importers are advised to track the liquidation of entries for which the IEEPA duties on goods from Canada or Mexico are assessed in order to file protests, if necessary.

Continue to watch this space for updates regarding the implementation of these and other tariff programs.

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